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THE
ROUND TABLE
A Quarterly Review of
BRITISH
COMMONWEALTH
AFFAIRS

#173-176
Dec 1953
Sept 1954

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ON KEEPING IN STEP

AMERICA'S WATCH ON ASIA

THE SOVIET ENIGMA

STATE TRADING AND PARLIAMENT

THE MIDDLE EAST AFTER ABADAN

REPUBLICANS TO THE GRINDSTONE

NEW PARTIES IN SOUTH AFRICA

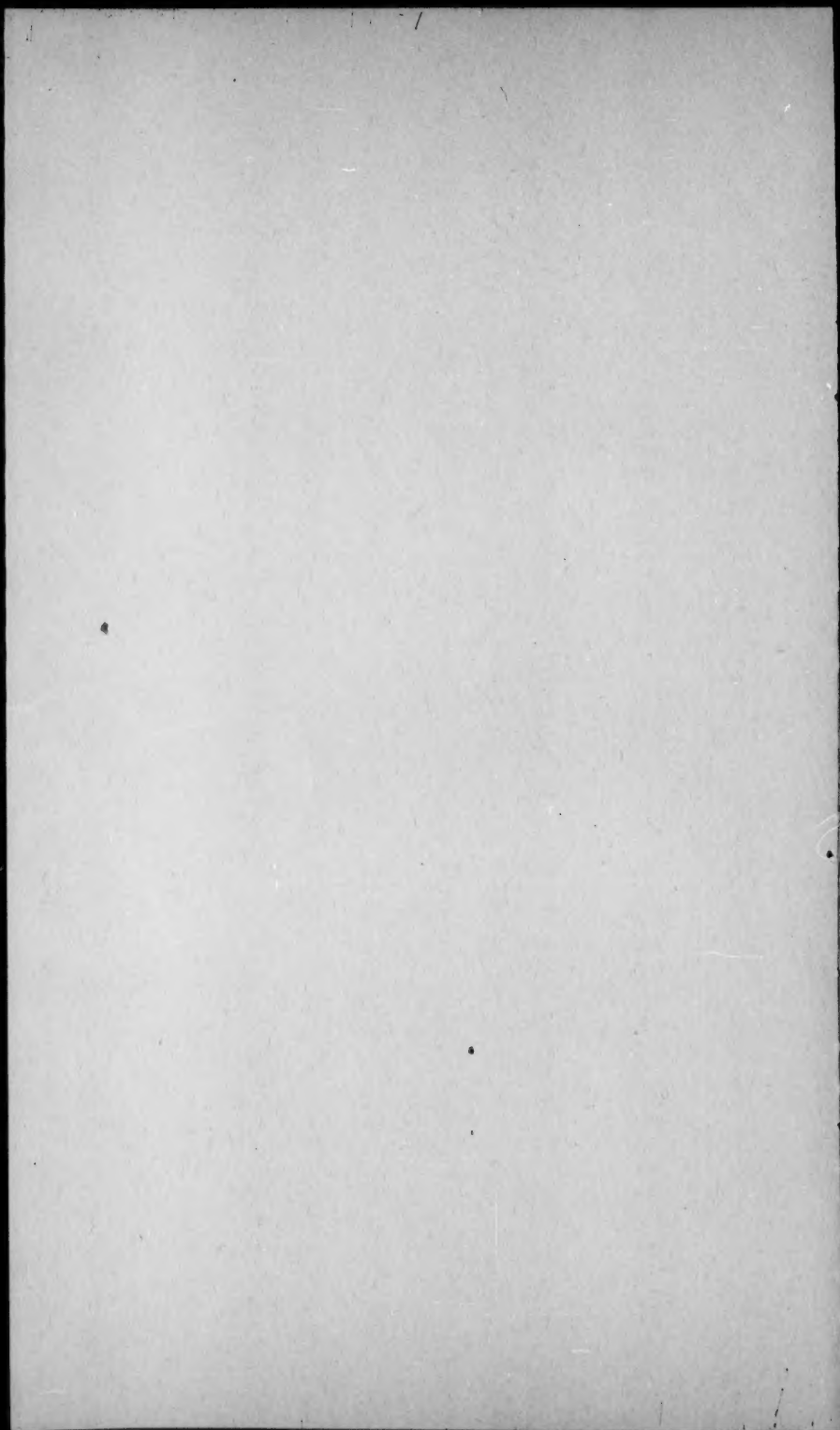
THE CORONATION AND THE COMMONWEALTH. IV

And Articles from Correspondents in

UNITED KINGDOM IRELAND INDIA PAKISTAN
CANADA AUSTRALIA SOUTH AFRICA NEW ZEALAND

DECEMBER 1953

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THE ROUND TABLE

A QUARTERLY REVIEW OF
BRITISH COMMONWEALTH AFFAIRS

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ON KEEPING IN STEP

DANGERS OF ANGLO-AMERICAN DIVERGENCE

A WRITER who attempts on another page* to read the riddle of policy and intention behind the Iron Curtain comes to the conclusion that since the death of Stalin there has been proceeding a limited disengagement from at least the more exposed positions that have been occupied in the cold war. The reason is no doubt that economic consolidation of the home front has at present the most immediate claim upon Soviet resources. It would be elementary prudence for the Western Powers to presume that the apparent withdrawal was of the nature of *reculer pour mieux sauter*, even if they were not warned by the terms of the Russian approach to the proposed four-Power conference in Berlin that the entrenchments considered essential were being defended as unyieldingly as ever. That is to say, there is no sign of Soviet weakening on the question of an Austrian treaty, or of willingness to negotiate for the reuniting of Germany on a basis of the free choice of the voters of both halves of the country. But the temporary simplification of the issues of political strategy, the disengagement so far as it goes, is giving to the Western Powers, especially the British Commonwealth and the United States, a perceptibly greater freedom of manoeuvre than they have enjoyed hitherto. That is a situation very apt to test the co-ordination of an alliance, especially an alliance that has to operate, like this one, upon exterior lines. If strategic time seems momentarily to gallop not quite so fast as usual, the Western nations as well as their rival may look during the breathing-space at their home front; and they will find there disquieting influences which tend to sap the unity of purpose without which dangerous gaps may open in the combined defences of policy.

The natural irritations which affect public opinion—or perhaps more accurately, public emotion—are not entirely removable, for they spring from historical differences and from the psychology of the present relationship. In Great Britain rational gratitude for American aid is apt to be overlaid by sentimental resentment of the condition of economic obligation; it passes quickly into distrust of “dollar imperialism”, while, on the left wing of politics at least, the suspicion that the American conception of defence leads logically towards a “preventive” third world war is sincerely held, however baseless it may be. On the American side the *uberrima fides* which should prevail between allies is inhibited by the allegations that Britain has proved itself an untrustworthy guardian of strategic secrets; and this recent cause of mistrust plays upon deeper-seated antipathies, upon the grievance that money extracted from the American taxpayer is being apparently used in Britain to finance social experiments fundamentally opposed to the American way of life, while an exhausted Empire leans upon American military power to help sustain a moribund colonialism against which the very existence of the United States is a protest.

* p. 15.

In both countries, no doubt, these irritations offer opportunities to the agents of the Eastern adversary, who will do their best to enlarge them into exasperations. They do not go so deep as to impair the profound sense of common interest and shared ideals to which both peoples cling; nor need it be supposed that the responsible leadership of either, in the actual conduct of foreign policy, is consciously affected by them in any way. But their persistence is a reminder that the two nations, in spite of their commitment to a joint enterprise of supreme importance, do not naturally think or feel alike, and makes a background that cannot be ignored when considering the factors that impair harmony in the conduct of the common affairs of the alliance throughout the world.

It is far too much to hope that the irrational element in public opinion, which plays upon policy, should become uniform in the two countries; what can and ought to be achieved is mutual forbearance, founded upon some understanding of the reasons why the typical American mind and the typical English mind generally react differently to the same international situation. A recent report* by a distinguished body of British and American students of international affairs contains the paragraph:

The basic differences arise primarily from the facts of geography and history. Because of geography and history the British do not, and probably will not, look at China as Americans typically do; the most that can happen is that each nation may understand what the other feels about China. Even that is difficult. Again, the British do not regard themselves as part of Europe, in the sense that Switzerland, for instance, is a part of Europe; but many Americans do regard Great Britain as a part, and an important part, of Europe. Such a difference cannot be wholly resolved; it can only be accepted as one of the data with which constructive statesmanship must deal.

The differences imposed upon British and American thinking by the facts of geography are plainly shown in the attitudes of the two countries to the affairs of Asia. The United States looks at Asia—at the whole continent predominantly, at its eastern seaboard exclusively—across the Pacific Ocean; Great Britain approaches it through the Mediterranean Sea. To Englishmen Korea is a remote and alien peninsula in the Far East; to Americans it is an outpost in the comparatively near West, closely related if not necessarily vital to the whole strategical network on which American sea power in the Pacific depends. Now that after three years of indecisive war the extreme political intractability of the Koreans in either camp has become a source of frustration to both Western Powers, the instinctive British reaction is to say "These people are strangers to us; we have not got on with them; let us try to disengage ourselves from their affairs on any tolerable terms which will not compromise the principle for which we went to war, the duty of a member of the United Nations to withstand aggression against a fellow-member." The American, on the other hand, cannot rest contented with an easy, or face-saving, way out. His country is too deeply involved. All through the

* *Britain and the United States: Problems in Co-operation*. A Joint Report by Study Groups of the Council on Foreign Relations, New York, and the Royal Institute of International Affairs, London, 1953, p. 218.

melancholy years of the war he has been asking himself what is to be the settlement, meaning thereby not the terms of honourable extrication from a disagreeable imbroglio, but the recasting of the political map upon lines that will endure. He thinks thus because the United States is by this time plainly committed to a permanently dominating part in the Western Pacific, and the stability of the states bordering it is a major American interest; but also because of a certain theoretic quality of the American mind, which, in contrast with British opportunism, requires the logical solution that will commend itself to the land of faith in written constitutions and declarations of "self-evident truths".

The main reason, however, why the American attitude in Korea tends to be stiffer than the British is that the Americans know Korea as the British do not. Where the background of comparative understanding is reversed, so is the temper of foreign policy likely to be. The Americans, approaching Asia by way of the Pacific, find the Persian Gulf on a remote extension of their route; the British, maintaining the imperial line of communication through the Mediterranean, come to the Middle East as a principal station on their way. They know Persia as well as the Americans know Korea; and all round the Gulf the British attitudes to its various potentates—some of them are discussed in an article* elsewhere in this issue—are apt to seem stiff where Americans think they can afford to be easy-going.

If there is one region of the globe where the whole tradition of American history protests against permanent involvement, it is the continent of Europe. Even in the Pacific, and in spite of the recognition that the United States has closer interests in the seaboard of eastern Asia than any other Western Power, the line of thought is gathering force which would like to arm the Japanese in order to make possible an American withdrawal from the region. *A fortiori*, there is bound to be a welcome in the United States for any technical reasons that may be advanced for doing what the average American in his heart always wishes to do—extricate the American forces from the continent whose dust their ancestors shook off from their feet.

The technical reasons, though not yet consistently worked out, are forthcoming in consequence of the new disclosure concerning the Russian mastery of atomic weapons. Few people in England realize how sharp has been the impact upon American public opinion of the discoveries that Russia possesses the secrets of the atomic and hydrogen bombs, has actually exploded both, and has an unknown quantity of them in her arsenals. The visible signs of civil defence are considerably more conspicuous in New York than in London. Under the stress of the new consciousness that in any future war cities of the United States will be principal targets of hostile attack, a recrudescence of American isolationism is more than possible. The argument for such a reversion to type is largely economic, and an indication of the force it is already exerting on the finely balanced party forces in America is given in the article which immediately follows this. The reasoning will run that the issue of a future war will be determined by superiority in the new weapons, and that it is imperative that America at all costs must keep ahead in this vastly

expensive arms race. She cannot therefore afford an imperial policy—as the strategy of maintaining defensive forces far away in alien continents will be represented—and at the same time keep up to date in the age of the hydrogen bomb and the long-distance rocket. This line of argument will gather strength next year, if the forecasts of a coming economic set-back are justified and a defence budget of dimensions unprecedented in time of peace has to be imposed upon a people whose opulence has begun to decline. It leads to the conclusion that the proper strategy is to concentrate everything upon making North America itself an impregnable fortress, and treating the stockpile of atomic weapons as the first line of defence as well as the final reserve for counter-attack.

This is what a disillusioned Europe has learnt to distrust as the Maginot mind, translated into the terms of the atomic age. It is a theoretic conception, and its implications have not been thought out, still less applied. It is at first sight inconsistent with the current strategy of the United States, still intent upon containing the Soviet Union by a fleet in the Mediterranean and a ring of air bases in the British Isles and the Iberian and Balkan peninsulas. If it be said that the bases are merely advanced extensions of the great home fortress, from which sea and air power can operate so effectively as to dispense with the occupation of forward positions by land forces, the immediate answer is that the bases themselves require to be protected. But that answer will become less cogent as the revolution in scientific armament proceeds. In the long run the neo-Maginot school will be able to say that all the decisive weapons have a range of 2,000 miles or more, and that therefore the United States can afford to give up the advanced bases and defend their own country passively, having first rearmed the Germans and left Europe to guard its own soil.

The mortal dangers of this line of thought may not be so self-evident to American as they are to British eyes. To treat Western Europe as the *glacis* of the American fortress is to risk its being speedily converted into a spring-board for the enemy's attack in case of war, and even in time of peace to invite the Communist fifth column to prepare the way for the conversion. With that danger always in view, a new American isolationism would almost inevitably engender the revival of European neutralism. Any attempt, however, to build up a defensive continental alliance steering a middle course between the Soviet and American world powers would necessarily look to Great Britain for leadership in retreat; which Britain, by reason of her responsibility for the support of the exposed units of the Commonwealth all round the globe, is not free to give.

It is the British task, foreseeing these dangers, to understand the temptation of a passive strategy for the American mind in order to exercise an effective persuasion against it. Fundamentally, the flaw in the isolationist argument is that it is purely theoretical, taking no account of human reactions. In the final test, even for preserving the safety of the American homeland, calculations based on the range and power of scientific weapons, however apocalyptic, must give way to the simple principle "United we stand, divided we fall"—which it is the task of both American and British statesmanship to work out in all its implications.

AMERICA'S WATCH ON ASIA

A DILEMMA FOR THE STATE DEPARTMENT

MANY influences bear upon the great, complex, amorphous mass of policy towards Asia which the Government of Dwight D. Eisenhower is slowly reshaping in the United States; but of these many influences three are much more important than any of the others. In all probability the ultimate policy will be largely the product of the interplay of these three primary influences. They can be labelled briefly as follows:

1. The basic urge of the men, largely from the business community, who provided the funds for the Republican Party's victory in November of 1952 to see the United States leave the Roosevelt-Truman era of high taxation and move into a new era of relatively low taxation where the budget of the federal government would be in balance and the currency would achieve a measure of stability not known in recent years.
2. The anxiety of strong elements in the armed services and in the diplomatic establishment of the United States over the prospect of the emergence in the heart of Asia of a second great, modern, industrial power imbued by the doctrine of Communism with hostility towards the United States and linked politically with Soviet Russia.
3. Communist China herself.

The first two of these three influences are in essential and continuing conflict. The third is as yet largely an unknown element. At the moment of writing it would seem to be a likely prospect that the ultimate shape of Washington's policy in Asia will emerge when Communist China, by its own actions, becomes the precipitating element in the chemical antagonism of eagerness for lower taxes working against a desire to prevent, if possible, the consolidation of the Communist régime in China.

In attempting to assess the ultimate result of this equation, it would be well at the outset to discard, as of insignificant importance, the factor which has largely tended to shape the outside world's vision of the Asian policy of the Eisenhower Government. That factor can be called the "China First" posture of the Republican Party for the political campaigns. During the political campaign of 1952, Republican orators employed as one of their favourite themes the argument that the Asian policy of the Truman Administration had been influenced by "softness towards Communism"; that Mr. Truman and his Secretary of State Dean Acheson had "sold China down the river"; that Generalissimo Chiang Kai-shek was the one great champion of virtue in the Chinese world and deserved renewed support from the United States. The implication of this oratory was that if the Republicans won the election they would reverse the policies of the Truman-Acheson era, put an end to "mollycoddling of Communism in Asia", and see to it that

Asia would be made safe for the American brand of democratic capitalism *via* the military proposals of General Douglas MacArthur.

This point of view was the Republican inheritance of the party's twenty-year life in opposition. It colours the surface posture of the Eisenhower Government. It imposed on that Government one initial public action which contributed to a widespread assumption overseas that the Republican Party in power would attempt to pursue the policy implicit in the Republican Party's posture in the campaign. President Eisenhower's first public action in the area of Asian policy was to announce in his first speech on "The State of the Union" on February 2 that he had cancelled the previous order by President Truman to the United States Seventh Fleet, which had "protected" Communist China from attacks by Nationalist Chinese from the island of Formosa. "I am", the President said, "issuing instructions that the Seventh Fleet no longer be employed to shield Communist China."

This order by the President set in motion an instant wave of rumour that the new Republican Government was about to launch upon a campaign of pressures against Communist China. The whole array of MacArthur proposals was trotted forth and, for a moment, the outside world was led to believe that the United States would shortly begin to bomb "across the Yalu", establish a naval blockade of the Chinese coast and attempt a new offensive on the ground in Korea.

So extreme were the immediate assumptions that Mr. Dulles found it necessary to explain that the guiding purpose of American policy in Asia was not more commitments on the mainland of Asia, but "disengagement" from the mainland of Asia. It soon became known that the order to the Seventh Fleet had much less significance than appeared at first. Generalissimo Chiang did not have the military capability, it was explained, of launching attacks on the mainland of Asia. He could only launch harassing attacks from small islands lying closer to shore. Such attacks had been going on for many months under the authority of Messrs. Truman and Acheson. Presumably they would continue, but would not be supplemented from Formosa itself. Not until mid-August, however, was it learned how non-significant, in reality, was that order ostensibly withdrawing the Seventh Fleet from the Formosa Straits. At that time the government in Formosa, smarting apparently under the charge of having failed to exercise its new freedom, disclosed to Miss Marguerite Higgins of the *New York Herald Tribune* that it had no more freedom to attack Communist China under the new policy than it had enjoyed under the old. It was not held back by the warships of the Seventh Fleet, true, but it was held under just as firm check by the American naval high command at Pearl Harbour. Formosa, Miss Higgins reported, was required to file every proposed military operation at Pearl Harbour and obtain approval before moving. In practice, Pearl Harbour permitted raids on Communist-held off-shore islands, as had been permitted before. That was all. This information was confirmed officially in Washington on the day of publication of Miss Higgins's story.

A residual difference was left between the Truman and the Eisenhower policies towards Formosa. Under the Truman policy, a blanket prohibition

existed against any Formosa-to-shore operations. Under the Eisenhower policy there was an operational restraint on such raids which could have been lifted by surprise at any moment. In practice, however, the two policies were identical.

Legacy of the Election Campaign

THIS disclosure in mid-August of the true Formosan policy put the campaign posture of the Republican Party in actual perspective. It was disclosed as a political posture, not as a government policy. It had the merit of appearing to implement a campaign position. However, it also exposed the difference between a campaign posture and a responsible policy of a government in power. It was sufficient to show that the Eisenhower Government was not going to take its policy towards Asia from the campaign platforms of the 1952 campaign. For that reason it can be accepted that whatever is left in Republican Party utterances of the pre-election period is to be seen as an atavistic carry-over from the campaign, not as a measure of actual policy. It can, and should, be largely discarded now as a trustworthy measure of future Eisenhower policy towards China. If the United States does ever embark upon a long-term policy of seeking the destruction of the Communist régime in Peking, it will not be because Republican orators regarded verbal support of Chiang Kai-shek as a vote-winning device in 1952; it will rather be because there is a case to be made for a serious attempt to prevent a repetition in China of the story of the consolidation of the Communist régime in Russia after the First World War.

The arguments advanced in Washington in these days in support of such a course would probably sound familiar to Sir Winston Churchill, or to any other man in the inner councils of the British Government after 1918. Then, as now, a group of men professing ideological hostility to the Western world had seized control of a large and populous but industrially backward country. Then, as now, a case was made for breaking the régime of those men before it could be firmly established. At that time Britain did attempt to carry out such a policy. Landings were made on the shores of Russia. Support was given to the armed forces attempting to prevent consolidation of the Communist régime.

There is a further argument made in Washington today. It is the argument that the world might well be better off today if the British attempt to break Lenin's Government in Russia had been a success rather than a failure. It is further argued that the conditions may well be more promising for such an attempt against Communist China now than they were for the unsuccessful attempt of those earlier days against Communist Russia. It is recognized that China has the advantage of being able to draw comfort, support, technical aid and some equipment from Russia. However, it is contended that China is probably in substantially greater need of such aid; that Russian capacity is severely limited; that the Communists probably cannot consolidate their position in China without technical aid and equipment from the West; and that, therefore, success could be achieved by maintaining a firm blockade of China from the West over a period of several years.

The alternative to such a policy is to permit the consolidation of the Communist régime; permit the import by China of Western engineers, as Communist Russia imported them during its formative years; permit a vast modern and hostile military power to emerge in China which is dedicated not only to the proposition that the West is evil, but also to the reclamation of all the lost provinces of the ancient Chinese Empire.

This point of view does not arise from electioneering expediency. It is supported by thoughtful and experienced military leaders who know something of the problems of the Far East. It is supported by skilled technicians at the State Department, who know history and who are aware of the forces afoot in Asia. It is supported in logic by the established influence which China and Japan have upon each other and of the resultant proposition in logic that if China is not drawn away from Communism, then, in all reasonable probability, Japan will some day be lost to Communism. The armed forces of the United States do not relish the prospect of a revival of Japanese military power in the western Pacific based, this time, on an ideological as well as a political alliance between Japan and China; and perhaps claiming the allegiance of the great bulk of all Asia. It was difficult enough beating back Japanese military power when it was being eroded from behind by Chinese resistance. It would presumably be more difficult to beat it back if the total force of China were supporting it.

Thus there is a powerful, rational, considered case to be made, and being made, in Washington for a policy of challenging the consolidation of the Communist régime in China. Its exponents propose that present trade sanctions against Communist China be maintained, and tightened. They are willing to contemplate, if necessary, an actual blockade of the China coast, with all that such a blockade implies. The advocates of this cause include Admiral Arthur Radford, chairman of the Joint Chiefs of Staff of the American armed forces.

The Demand for Retrenchment

HOWEVER, this point of view is far from being dominant in the higher councils of the Eisenhower Government in Washington. It is rather a single point of view, which has already come into conflict, as have many other projects here, with the great underlying urge of the financial backers of the Republican régime for tax relief. We have heard much since the war of various urges and hungers afoot in the world. It sounds slightly incongruous to relate the word "hunger" with the men of wealth who provided the money that put the Eisenhower political show on the campaign roads of America in 1952. There is, however, in them as a group a desire for tax relief which can only be described as a hunger. Their memories go back to days before high taxes were a part of the American landscape. They remember fathers and grandfathers who were able to accumulate capital. They see their own capital accumulations being eroded by high income taxes and high inheritance taxes. The one thing they want most, and expect most, of the Government now in power in Washington is a wiping away of the degree of taxation which is a barrier to the accumulation and retention of private

capital. This is the one strongly held emotion which is shared in common by the influential and wealthy supporters of the Republican Party. It is a vast and powerful force in the currents which sweep around and through the White House and all the councils of government in Washington. It is a force which checks every concept and every proposal which carries with it the implication of large new expenditures of money.

This force is already a visible ally of Sir Winston Churchill in his campaign launched on May 11 to bring East and West to the tables of diplomacy. It lies behind the fact that Mr. Dulles has steadily modified his position towards Russia to the point where he has announced that America does not export "violence or revolution" (speech to the UN General Assembly on September 17) and to the further point of being willing to consider the question of Russia's own security. It also lies behind resistance to the concept of embarking upon what might be called a new "cold war" against the Communist régime in Peking.

It has this effect because it would be manifest nonsense to launch such a long-term policy without maintaining the military force to back it up against any possible Chinese military retaliation and also against the possibility that Russia might join in such retaliation; and at this time the dominant urge in Washington is not for the expansion of American military power, but for the contraction of American taxes, which precludes the expansion of military power.

Of course, there are many other influences bearing upon the evolution of American policy in Asia. While there is no great body of *émigrés* from Asia as there is from Europe, the equivalent of an *émigré* group exists in the body of former missionaries in China, the bulk of whom have come home giving voice to a natural support for any policy which would offer a prospect for a restoration of the life which was familiar to them in China under the old régime. There is the little group of politicians in Washington loyal to Generalissimo Chiang Kai-shek. There are many devout admirers of Syngman Rhee. Such voices of course provide a potential public base for the policy of "cold war" against Communist China if such a policy should ever be adopted. Against such influences is the voice of India, not unheard in America, and the voices of the members of the British Commonwealth, which usually speak for restraint in Asian policy. This does not complete the list, but it would be unnecessary to do so. Most such influences are well known; and all of them can be put down as of minor importance, alongside of the three principal influences bearing upon the formulation of policy. They are subordinate and tributary, not dominant.

It is too soon now to attempt an assessment of the relative effect on final policy of the contest between the urge to lower taxes and the anxiety over the rise of a new great industrial and military state in China. The issue has been joined. It has not been resolved. At the moment this is being written it would seem that the greater weight lay with the urge for lower taxes. Certainly Mr. Dulles has committed himself repeatedly to the proposition that the true American purpose in Asia should be its "disengagement" from commitments on the mainland of Asia. Certainly this is the main purpose of

the truce in Korea, and of the subsequent proposal to negotiate a neutralization of Korea. The same thought crops up in the policy at present being applied of seeking direct talks with the Chinese Communists. The idea of direct personal talks between American and Chinese Communist civilians was a political "horror" in the atmosphere of the 1952 campaign. True, the meetings of soldiers to arrange a truce had long been accepted as a necessary means towards ending the blood-letting of the Korean war. Here was a case where one presumed evil cancelled out another presumed evil. True, also, that the concept of a Korean peace conference following after a truce contemplated a meeting of diplomatists between West and Communist East. However, during the days of the truce discussions, official American policy persistently rejected, out of domestic political necessity, the idea of possibly enlarging the scope of those talks beyond the subject of Korea itself. Korea was to be treated as a thing apart, and the Chinese Communists were not to be allowed to drag "extraneous" matters into the Korean issue. American thinking of that period listed diplomatic recognition of Communist China, its admission to the UN and talks over the future of Formosa all under the heading of "extraneous" matters. America wanted an end to the Korean war, but was emotionally unprepared to think of the steps which might be involved in any search for a wider settlement of Asian problems. There was intense suspicion of any widening of the Korean peace talks, since such widening might carry an overtone of diplomatic recognition.

Mr. Dulles did not find it easy to discover a way around these emotional overtones of 1952. Yet, long before he took office as Secretary of State, he had recognized that ultimately he would either have to negotiate general settlements with Communist China or accept a continuation of political and military hostility between the United States and Communist China. It is clear now that he had been searching for an opportunity to open direct talks with the Chinese Communists from long before the opportunity was opened up by the course of negotiations towards the convening of a Korean peace conference.

It would appear that Mr. Dulles had grown progressively more dissatisfied with the process of dealing with Peking through the mediation of Moscow and New Delhi. He could not be sure that Peking's views were accurately transmitted through those two capitals. He sought some device which would permit a chance to sample Chinese thinking directly. He found what he was seeking at Panmunjom when, on October 26, American civilian diplomatists met and talked directly with civilians from Peking for the first time since the withdrawal of the American diplomatic missions from China in 1949 and 1950. It is to be noted that he selected for the delicate and difficult assignment of opening direct diplomatic talks with the Chinese Communists his former law associate, Mr. Arthur H. Dean, senior partner of the law firm of Sullivan & Cromwell. It would have been fatal to the operation for Mr. Dulles to have handed this assignment to any man who might have been chargeable, even on the flimsiest basis, with "pinkish leanings". Mr. Dulles could scarcely have found a more suitable instrument. Mr. Dean is not only senior partner of one of the most conservative and reputable law firms in New

York City; he is also an attorney for the fifteen big oil companies in their defence against a government charge of violation of the anti-trust laws. Mr. Dean is as invulnerable to a charge of desiring to "appease" Communists as any man who could well be found.

Thus purpose is clear and a suitable instrument has been found. Mr. Dulles, through Mr. Dean, is engaged in experimenting with a revival of diplomatic contact with Communist China.

Tertium Quid

AT this point the third great factor in the equation of forces bearing on American policy in Asia comes into play. In the last analysis the policy and behaviour of Communist China itself will probably be the final determinant of American policy. Mr. Dulles, with all the desire in the world to attain a true settlement of the Far East, could not move decisively in that direction unless he were given substantial reason along the way to expect co-operation from the Chinese Communists themselves. Mr. Dulles brings to this point in history an American policy which is in suspense between the first two forces already discussed in this article. Alone he does not have it within the range of his capabilities to determine the outcome. Much as he might prefer a general settlement to a long struggle of uncertain outcome between his country and Communist China, he can of himself only provide a willingness on the American side to consider the possibilities of a settlement. He has already expressed that willingness. The background of the present American position would indicate a strong probability that the condition of American willingness will prevail for some time and that there well may be further outward expressions of it before any time of decision or "point of no return" is reached. It behoves the Chinese, however, to beware lest they themselves are responsible for letting the opportunity for a settlement go by.

Here, presumably, another factor enters the equation—the factor of Russia's relations with Peking. The West can only speculate upon this point. Is Russia seeking to prevent direct contact between Washington and Peking? One can pose the question. A Westerner cannot answer it. It could be that Moscow sees the possibility of losing the leverage on the West of a dominant influence over China and is therefore committed to the limit to prevent such a mitigation of strains between Peking and Washington as might lead to a Far Eastern settlement. If so, then the road to such a settlement will be rocky and may never be travelled to an end. Certainly, at some point along that road the urge in Washington to prevent a consolidation of the Communist régime in China will assert itself more vigorously than it has up to this time. Mr. Dulles's ability to hold out against that pressure will depend heavily upon the evidence he can cite at the relevant time that Peking is interested in seeking an acceptable settlement in Asia.

Then there is another hypothetical possibility bearing on the possible evolution of American policy. Does Russia really welcome the rise upon its eastern flank of a vast, populous, modern industrial and military State? Is it not possible that some men who live behind the walls of the Kremlin have

begun to ask themselves: "Is a strong Communist China a long-term advantage to Russia, or is it a Frankenstein monster which may some day have to be curbed in the interests of Russia?" This hypothesis suggests a possibility, no matter how remote, that some day Russia might find itself as interested in helping the West curb the rise of Communist China as it was once interested in helping the West curb the rise of imperial Japan.

If events should seem at some point to give support to this hypothesis, there would of course be a recasting of American thinking about Asia.

However, all of that is an exercise in trying to peer into the very cloudy crystal ball of the future. At the present moment the essential factors in American policy are the two conflicting urges to cut taxes and to prevent the consolidation of the Communist régime in China. Mr. Dulles is at present exploring the possibilities of opening direct diplomatic relations with Peking. The results of those explorations should serve to define the proportions of the third, and finally decisive, factor: the inclinations of the Chinese Communists themselves.

Certainly the Chinese Communists have it within their power today to determine America's Asian policy. If they are interested in a tolerable settlement of the Far East they could negotiate such a settlement with Mr. Dulles, because Mr. Dulles does not subscribe to the view that the United States should commit itself at this time to a trial of strength to the limit with Communist China. On the other hand, an ∞ amount of Chinese intransigence would ultimately overcome the urge to tax reductions in Washington, and give decisive support to the argument that the United States is confronted by a permanently hostile force in China which must be met and subdued some time and, therefore, the sooner the better.

Such a development would, of course, be a logical progression from the campaign posture of the Republican Party on Far Eastern policy. There would be no problem of rhetorical reconciliation. There would, however, be a problem of reconciliation between such a policy and the urge for lower taxes and fewer American responsibilities in the world.

THE SOVIET ENIGMA

RUSSIA'S HOME FRONT IN THE COLD WAR

THE flood of speculation about Russian intentions and the consequent uncertainty over Western policies have been the dominant features of the international scene ever since the death of Stalin on March 5. On the whole the attitudes of the external world have followed a see-saw course. In the first four months of the post-Stalin era there was something very like a wave of optimism; talk of internal Russian developments was in terms of "liberalization"; it was believed that progress might be made towards solving some of the most difficult of international issues, notably the "problem of Germany"; hopes of general appeasement were raised by Sir Winston Churchill's speech of May 11. The watershed came with the riots in East Berlin and in the Eastern zone of Germany in the middle of June, and the fall of Beria announced on July 10. Subsequently the internal régimes of both Russia and the satellites seemed once more to be hardening into their accustomed pattern; and despite the conclusion of the Korean truce on July 27, the attitudes of the Soviet Government on other questions of foreign policy seemed to involve the reiteration of all the familiar Soviet themes of propaganda, and an evident disinclination seriously to test the possibility of reconciling differences by the methods of the conference table.

In these circumstances, it is not surprising that two different reactions have revealed themselves. One school of thought, more prominent on this side of the Atlantic than on the other, blames the Western Powers for not having followed up until too late the initiative for direct talks made by Sir Winston Churchill, and regards his illness and that of the Foreign Secretary as having given an untoward opportunity to those not seriously desirous of a peaceful solution. On the other side of the Atlantic, and not there alone, are those who all along regarded any hope of peaceful negotiation with Moscow on terms acceptable to both sides as the merest illusion, and who find their intransigence adequately confirmed by what has happened.

The tensions which this divergence of approach has created within the Western Alliance, together with those which were inevitably bound to arise as the reality of German recovery was made manifest, are the chief immediate concern of Western statesmanship. But they are not the only ones, nor perhaps in the long run the most important.

The fact is that we are, as Mr. Chester Wilmut so convincingly demonstrated in his series of articles in October,* living in a strategic revolution which poses problems of the deployment of our resources for defence as between the kind of forces needed for the active fronts in the "cold war" and those intended as a deterrent against strategic aggression, which our leaders not surprisingly find it difficult to solve. They are even difficult to

* In the *Observer* of London. See also "America's Watch on Asia", pp. 7-14 above.

discuss, since the element of secrecy over atomic weapons is given a high priority over the enlightenment of the public mind.

It is no new thing that a change in weapons on both sides should, while it is in progress, give cause for more than usual alarm over the international prospect. British naval history over the last century provides at least two excellent examples. But the atomic developments of the present time raise new issues; first and most obviously because the range of destruction which is now contemplated is so terrifying as to make the bravest flinch before uttering the time-honoured phrase that there are worse things than war, and secondly, because it is not at all clear whether the Soviet sphere's advantage in the matter of dispersal of targets does not by so much outweigh our presumed, though seemingly narrowing, technical lead that the deterrent of fear is less obviously felt on that side of the "iron curtain" than on this. When therefore, on August 8, Malenkov in his speech to the Supreme Soviet indicated that the United States no longer had a monopoly of the hydrogen bomb, and when on August 20 it was announced that the Soviet Union had in fact exploded such a bomb, it might well have been held that a new era had been inaugurated of vastly more importance than that supposedly begun by Stalin's death.

It seems to be conceded that hopes built upon the idea that the West could permanently retain a major technical lead such as had undoubtedly existed in the early years of the "cold war" have proved fallacious. Therefore simply to talk of "building up positions of strength from which to negotiate" becomes a great deal less sensible an approach than it has hitherto been considered. If the Soviet leaders were to be firmly convinced that the passage from "containment" to "liberation" had indeed been made by the Western Alliance, that is to say that externally financed subversion in the territories of the satellites, and perhaps in those of Russia itself, backed by the might of a rearmed Western Germany, had become the real objective of Western policies, then it is just conceivable that the risk of all-out war might be taken, that the inhibitions against a "preventive war" which have been so powerful on our side might prove less so in minds released by the Communist dogma from moral scruple.

Social Foundations of Soviet Policy

IT must be added that, as far as the external observer can judge, we are still a long way from this. On the contrary, the references to Soviet atomic advances have been couched in restrained tones; the main picture given to the Russians is one of quiet self-confidence on the Soviet side contrasted with feverish anxiety on the other, of the growing unwillingness of the lesser components of the Western Alliance to follow the American lead, and of an increasing popular realization within these countries that the Soviet Union is the only genuine adherent of the cause of peace. The relatively recent developments in the intensity of the campaign by the W.F.T.U. to rally working-class support irrespective of party, and to thrust it into greater strike-activity, suggest that the Soviet leaders by no means accept the view that the weapons of the "cold war" have outlived their usefulness or that

nothing more can be done to hasten on the inevitable decline of the capitalist West.

Whatever may be the force of these arguments, there can be no doubt but that the correct understanding of Soviet policy and the Soviet mind is more than ever essential to our safety and indeed, as far as Britain is concerned, to our survival. It is also true that both the optimism of the spring and the pessimism of the autumn show an almost equal misunderstanding of the fundamental ways in which the Soviet system works; no doubt there are grave inadequacies in our information as to what has been going on at the centre of Soviet politics; the fall of Beria and the purges in many of the republics reveal a struggle for personal power whose relationship to the broad movements of policy and opinion cannot easily be gauged. But if we cannot answer all the questions, we can at least ask the right ones. We can at least get out of the habit of seizing upon some single event in Russia and building a superstructure of conjecture upon it, without taking into account the nature of the society within which this event has taken place. It is a measure of the frivolity with which such enquiries are too often approached that the great organs of opinion in this country gave so much prominence at the beginning to the speculations of Mr. Isaac Deutscher later republished as *Russia after Stalin*. Mr. Deutscher's belief, doubly curious in an ex-Communist, that the régime could be politically "liberalized" by Stalin's epigoni with no fundamental change in its economic or social foundations, and that the real danger to peace came from the possibility of its being replaced by an aggressive "Bonapartism", has shown no signs of coming true, and was indeed only tenable from the beginning if certain facts were totally ignored and others given a significance which they could not bear. Yet not until Mr. Mark Alexander's powerful review of this book appeared in the October number of the new journal *Encounter* were Mr. Deutscher's arguments the subject of a serious and responsible examination.

It is not as though the possible scope of change within the Soviet system—and despite the June events in Eastern Germany, we should be wise to ignore the possibilities of a "revolution from below"—are really so obscure or that evidence about them is really so hard to come by. We know a good deal about the Soviet régime and its history, largely from the materials it has itself provided, and we have good grounds for certain tentative generalizations about the relations between its internal and external policies. The extent to which these have been ignored in the assessment of recent events excuses a brief recapitulation of what they are.

For more than thirty years the primary aim of the Soviet leadership has been to construct first a Socialist and then a Communist society by the use of political power in the form of a one-party State, uniting at the top all the organs of coercion and propaganda. It has throughout been recognized that the preconditions of carrying through a programme of this kind are both economic and psychological. It is necessary both to catch up and surpass the economic achievements of the most advanced countries of the West, and to eradicate the survivals of other non-socialist preferences and ideals, that is to say all traces of a "bourgeois" or "capitalist" mentality. It has also been

realized, ever since the time of Lenin, that the economic purposes of the régime to which the possibility of external aggression helps to give priority may occasionally only be attainable by some sacrifices on the psychological front. The use of purely financial incentives to increase productivity and the outlawry for the period of "socialism" of any question of the equalization of incomes are matched by the still more far-reaching concessions which have from time to time been made to the peasantry. It is nevertheless quite clear that such relaxations are only temporary and that the ultimate goal remains the same. It has furthermore been accepted that since the single-party system has had to continue into a period when Soviet society has by definition abolished divergent class interests, some means must be found of explaining economic and political failures in terms which leave untouched the infallibility of the party leadership. Since public debate on major issues cannot very well be permitted, such issues must be settled by the leadership, and scapegoats be found when a previous course is jettisoned or even called into question. The struggle for personal power which under such a system can only terminate with the political, and normally the physical, extinction of the defeated must also be waged without suggesting that genuine divisions of interest or principle are conceivable. Not only must there therefore always be scapegoats, but the reason for their behaviour must be sought in personal corruption and in treasonable intrigues with foreign Powers.

The existence of the non-Soviet world is thus an auxiliary of the Soviet power as well as a threat to it. If all the world were Communist the internal contradictions of the system would be harder to explain away. Indeed we cannot even begin to understand Soviet foreign policy unless to the obvious fact that it is predicated upon the ultimate inevitability of world revolution we add the less obvious one that the process towards this far-off event is to take place strictly under Soviet control. No other revolutionaries can be trusted. Meanwhile the world revolutionary movement in all its range from mass-Communist parties such as those of France and Italy, through Communist trade-union movements and Communist-dominated nationalist movements, to the riff-raff of traitors and dupes, is little more than a subordinate instrument of Soviet foreign policy, formidable only in virtue of our own weaknesses, and expendable whenever major Soviet policy demands it. In the inter-war period while Russia was weak the immediate objective of Soviet foreign policy was to prevent direct involvement in war against a major Power or group of Powers.

Since the accretions to the Communist camp as a result of the Second World War another equally demanding task has been presented to the framers and executors of Soviet policy—how to co-ordinate the activities of the other Communist countries so as to make the biggest possible contribution to the strength of the Communist camp without detracting from the principle of control from Moscow. As in internal policy, a mixture of coercion and incentives was demanded and the right proportions were not to be found by any rule of thumb. Prestige demanded that no territory once Communist should normally be allowed to slip from the Muscovite embrace; tact demanded that this determination should be made to appear as the result of the will of

the nation concerned; the exigencies of Russia's own economic recovery and subsequent growth made it necessary sometimes to subordinate the welfare of such a nation to purely Russian considerations. If these and other factors inherent in the system itself had been adequately assessed, it would have been evident how empty was much of the talk about the possible reunification of Germany, how inevitable, once the strength of the Adenauer régime was apparent, was Russia's preference for retaining at least Eastern Germany safely under her control except at the price of a total dismantling of the West's defences. The unification of Korea on any but Russia's terms was obviously equally out of the question, and the most interesting development there since the armistice has been the revelation that although China has borne the burden of the war on the North Korean side, reconstruction and control in peacetime is to be a Russian affair. We may surmise that to devise correct relations with China is an even more fundamental problem facing the Soviet rulers. The indications that aid is to be stepped up, that is to say that Chinese development is to be given a priority against at least some of Russia's own needs, are highly significant of the fear that China may yet follow an independent line. Everything goes to show that just as internal policy is more important than foreign policy, and must be so at the present stage of Soviet development, so too relations with China and the "satellites" get more attention than relations with the rest of the world. For it is not only from the economic point of view that policy towards other Communist governments has some of the characteristics of internal policy. It is also true politically speaking.

After three decades of a nationalities policy based on the slogan of cultures "national in form but socialist in content", the nationalities problem is still admittedly alive, as shown by the continuous reverberations of Beria's fall in Georgia, and other evidence that even Communist leadership tends to take on the colouring of the locality and to press for concessions to local interests and sentiment. Unrest in East Germany, Poland or Czechoslovakia where it takes on a national form can hardly be without its repercussions across the Soviet frontier however severe the measures taken to contain it. On the nationalities front, as on every other, the successive alternations of Soviet policy between the lenient and the repressive show the inherent difficulties of the task which the régime has set itself, and its determination, come what may, not to flinch from carrying it through.

Old Age of Stalin, and After

IN the light of these very general considerations much of what has happened since Stalin's death seems to fall into place. It seems reasonably probable that Stalin's final period saw a rigidity and harshness in Soviet policy which some party leaders may have thought self-defeating; whether this rigidity was due to Stalin's dogmatism which increased with advancing years, or to the fact that his declining energy made him unable to initiate any changes, while he was yet too strong for others to dare to take the initiative, the future historian may possibly learn, but we cannot. At any rate the results were clear. In home policy the hopes of a renewal of the advance in the standard of living which the war had interrupted were sacrificed to Stalin's preoccupation

with great projects for the "transformation of nature" at vast capital cost; instead of allowing the economic life of the country to settle down, Stalin was talking as though the next stage, the assimilation of agrarian to industrial work and conditions, was just round the corner; instead of letting the specialists in the various fields of the economy and administration get on with their jobs, there was a demand for more and more attention to ideological indoctrination; normality which so many people at all levels of Soviet society must have come to crave was shunted off into the future again; above all, the personal adulation of Stalin at the expense of the Communist Party itself reached unprecedented heights; cultural and even scientific progress depended on the prejudices and even the whims of a single individual.

In external affairs meanwhile, the absolute intransigence of Soviet diplomacy had provoked what amounted to a hostile coalition dedicated as a minimum to obstruction of further Communist expansion, and, since President Eisenhower's election, perhaps even to an eventual counter-offensive. Sheer clumsiness rather than any genuine differences in outlook had driven Tito's Yugoslavia out of the Soviet camp and part of the way into the enemy's. Would Chinese susceptibilities be treated with the same lordly disregard and the same dire results? The still damaging charge of anti-Semitism was being made with increasing frequency and justification against the Soviet Union which had once prided itself on having eliminated this scourge by law; less than a month before Stalin died diplomatic relations with Israel were broken off.

It would be possible to interpret the events immediately following Stalin's death as no more than a cutting back of some of the excrescences upon the fundamental Soviet structure which had thus flourished during his final period. But there was clearly another and more complicated factor at work which was indicated but not by any means altogether illuminated by the subsequent fall of Beria. It looks as though the struggle for the succession had begun even before Stalin's death, and that the repeated assertions ever since that the exaltation of individuals is foreign to the spirit of Communism, and that collective leadership is its guiding principle, are to be taken primarily as evidence that this struggle is unresolved. It also looks as though this personal struggle at the top was connected with differences in the outlook between the separate though intertwining hierarchies through which Soviet power is exercised. The accusation made against Beria after his fall that he was attempting to set up the Ministry of the Interior and the security services as a state within a state may be of some significance. The almost unprecedented fact that the army leaders were called upon to express formal agreement with the measures against him suggests that the army too had been acquiring some sense of its independent political interests; the still obscure "doctors' plot" may provide some connexion between the two phases in the struggle. The delay before it became clear that although Malenkov was to be the chief of the governmental machine he was not to control the party as well; the subsequent rise of Khrushchev to the position of number three in the hierarchy, and his nomination as first party secretary on September 12 were obviously significant events.

To what extent such personal and institutional rivalries, themselves in-

herent in the system, played their part in the successive changes of emphasis in internal policy it would be impossible to estimate. It may be that the amnesty proclaimed and the new criminal code promised in March were, like the release of the accused doctors, simply part of Beria's struggle against his foes. It may be that he believed that the régime needed a period during which the terror should be relaxed and that he was cast aside when events in East Berlin were held to have demonstrated the dangers of such relaxation. The alternative version hinted at in the obscure documents dealing with his fall—that he was an obstacle to such relaxation—would seem more difficult to substantiate in view of the fact that the amnesty and the promise of the new code, described as historic events by the principal Soviet legal journal as late as August, were not ratified and were indeed not mentioned when the Supreme Soviet met in that month to ratify the other measures of its presidium. Equally unclear is the relation between Beria's policies and the apparent let-up in the intensity of the Russification of the governments and party organizations of the minor republics; evidence has been advanced to show that in Georgia at any rate he took the "liberal" side; but subsequent purges there and elsewhere do not so far indicate a reversion to the Stalinist tempo.

It is at any rate clear enough that by the time the Supreme Soviet met, and that Malenkov was called upon to report on the "state of the nation" and Zverev to present his budget, the idea of assisting the popularity of the new rulers by political concessions, if it had ever existed, had been effectively abandoned. On the contrary, Malenkov's promise of better things for consumers, and Zverev's concessions to the rural taxpayer, showed that what was now being attempted was a fulfilment of purely material desires on the part of the population. It cannot be known how far this denotes a consciousness that it would be dangerous to delay any longer at least an instalment of the promised fruit of the Soviet people's long-protracted exertions and sacrifices. The subsequent report by Khrushchev on the agricultural situation, and the decree on the new measures to stimulate production especially of livestock and vegetables, are remarkable for the lack of pains taken to conceal the previous deficiencies in this respect. Instead of the percentages in which Soviet economic statistics are normally and confusingly presented, there are the bare figures; with a vastly greater population than in Tsarist times, Russia has fewer cattle; the losses during the collectivization drive of the first five-year plan have not yet been made good; even in 1954 there will be fewer cows than in 1928. No wonder that Stalin's plans for further changes on the land in the direction of completer socialization are postponed until the future—though it is made clear that this is no more than a postponement—and that instead we have cash incentives for better work both on the collective farms themselves and on the collective farmers' private plots.

So far we have a Khrushchev whom the N.F.U. itself might well applaud. But even as a temporary measure, better prices and so on cannot be the whole answer. If the taste for private property and a market economy is stimulated, the ultimate political objectives may tend to be overlooked. So at the same time we are to have a strengthening of the power of the machine tractor stations as the key element in the Soviet country-side, and a reinforcement

of the party activists within the M.T.S. and in the collective farms themselves. Party workers must be prepared to leave the towns for less agreeable and harder work among the peasants; it is implied that the field for missionary work is not yet over-tilled. More obscure is the question of how the production of more and better consumers' goods is to be attained, since it is impossible to tell from the budget figures themselves from what direction resources for this purpose are to be drawn. The Soviet economy appears, like our own, to be fully stretched, and the slight decline in overt expenditure on defence is probably balanced by the greater investment in "unconventional" weapons which is in all likelihood concealed under another budget rubric. It has been suggested that since fiscal measures have in fact already put extra money into the hands of consumers, the problem is being postponed for the time being by drawing on stocks and on imports. The considerable activity of Russia's commercial diplomacy both inside and outside the Soviet sphere in recent months would give some colour to the latter supposition. Certainly consumer-consciousness rather than Stalin's great-project consciousness is being cultivated, and the possible effect of this upon the psychology of Soviet man, and still more perhaps of Soviet woman, is an open question. The brakes may have to be applied again.

Limited Disengagement

WITH these difficult shoals to negotiate at home—and who knows how many under-water rocks and wrecks as well?—Soviet foreign policy since Stalin's death has followed the course one might expect, that of gradual disengagement from unnecessary complications combined with an unbending attitude on the major issues—relations with the United States in which the assumed hostility of capitalism at large is now incarnated, and on the proposed rearmament of Western Germany, visualized as the spearhead of America in Europe. Thus, under the former head, an attempt has been made to diminish tension with Turkey, to heal the breach with Israel (without disturbing a courtship of Arab nationalisms) and even to rebuild the bridge to Tito: the disappointment over the turn of events in Persia has been taken with patience. On the other hand, no real move over Germany or Austria has been made—for reasons already indicated—and within the United Nations, American intransigence over China and over new members has enabled the Soviet Union to continue to claim that it better represents the original universalist spirit of the institution, and to find some sympathy for this claim in non-Communist quarters. There has it is true been some decline in the vehemence of Soviet language, but little in the fundamental style of Soviet diplomacy. Indeed, it is hard to see how anything else could be expected: the new rulers of Russia are not so new; Molotov and even Malenkov have been part of the ruling group for a long time; we should hardly expect their faith in the Marxist analysis suddenly to evaporate, or an unsuspected "liberalism" suddenly to emerge. Indeed we may think ourselves lucky that this is so; for if Soviet diplomacy were less dogma-bound and more flexible than it is, the differences within the Western alliance might have been much more dangerous than they have hitherto proved.

It is probably the case that things have never been either so dark or so bright as they have been painted; that an advance by the Red Army upon the Channel and Atlantic coasts inevitably leading to war with the United States has never seriously entered the Soviet calculations, and is indeed foreign to the Soviet way of thought. There is no reason to believe that even if the army leaders came out on top in some future struggle for power they would fundamentally alter this policy, as Mr. Deutscher, with all the intellectual's antipathy for professional soldiers, appears to believe. Internal questions will continue to demand the greater share of the Soviet leaders' attention, and next to them the consolidation of the Soviet sphere of influence in both Europe and Asia. Since Stalin's death as before it, the greatest danger of war has lain in a possible flare-up on some vital sector of the cold war front, or in some miscalculation by one or other side as to what the vital sectors are; it is this danger which it must be the business of diplomacy to try to diminish; it is this rather than any hope of a sudden reorientation in Soviet thinking that no doubt inspires Sir Winston Churchill's reiterated belief in the desirability of general talks.

STATE TRADING AND PARLIAMENT

PUBLIC CONTROL OF NATIONALIZED INDUSTRIES

DURING the late war the mines and the railways were taken over by the Government as in the 1914-18 War. Since they thus became the responsibility of Ministers, there was no aspect of their operation exempt from parliamentary investigation by any of the usual methods. The Hon. Member for Puddleshorpe could ask the Minister of Transport whether he was aware that the morning train from there to Liverpool Street persistently arrived half an hour late, "and what action he proposed to take". Complaints against the quality and delivery of coal could be voiced in Parliament in the same way. Besides, what progress was being made with the erection of pit-head baths at Deep Ditch Colliery or the miners' canteen at Shallowdale?

The coalmines and the railways were amongst the first concerns to be nationalized by the Labour Government of 1945. There was a direct transition on vesting day from the responsibility of the Government to that of the National Coal Board and the British Transport Commission respectively, without any intervening period in which the industries reverted to private enterprise.

Members of Parliament and their constituents were therefore faced with the paradox that on the day when the mines and the railways became public property, nearly all the questions which they had been accustomed to ventilating in Parliament for years past immediately became "out of order". It was true that under the nationalization Acts the responsible Minister was empowered to give general directions to the Coal Board or the Transport Commission on matters involving the national interest. They could therefore be criticized or questioned about the directions which they had given or failed to give. Nearly all matters, however, which seemed directly to affect the public fell within what was called "day-to-day management", for which Ministers claimed they had no responsibility. What made the change even more irritating was that the Ministers themselves were in effect the judges whether a question was in order or not. The Chair could only decide whether the requisite ministerial responsibility existed by asking the Minister himself! No one else could say whether a particular matter was one on which ministerial directions were, or might be, issued to the Board.

Much political capital inside and outside Parliament was made of the paradox; and it was the wrangles over the admissibility of parliamentary questions about the nationalized industries which originally prompted the establishment of a Select Committee of the House of Commons early in 1952. The reports of this Committee are now available. Before discussing them, however, it must be admitted that superficially there was much unfairness in the complaints.

Members of Parliament were already even more restricted in their opportunities for parliamentary examination of the public monopolies which pre-

war Conservative Governments had set up: the British Broadcasting Corporation, for example, and the London Passenger Transport Board. Few had moreover argued that if the mines, the railways and so forth were to be nationalized, they ought to be converted into departments of state directly under a Minister like the Post Office, rather than following more or less the pattern of the L.P.T.B. The retort could also be made that whatever control Parliament could or could not exercise over the nationalized industries, it was still a great deal more than over those in private ownership.

On the other hand, there was a deeper-lying paradox which was real and serious.

When the National Coal Board took over on January 1, 1947, notices went up at every pit: "This colliery is managed by the National Coal Board on behalf of the people." It was undoubtedly pertinent to enquire how "the people" could be assured of what purported to be done on their behalf. All the Acts had made provision for some type of body representing the consumers, locally and nationally, to make reports and have special access to the management of the nationalized industries. The interests of the consumers, however, were not necessarily those of "the people" at large, nor was confidence felt that the consultative councils and so forth would be really effective. The nationalized industries were obliged to publish annual reports and accounts. These were substantial documents, which in many respects gave more information than share-holders usually receive about their own companies. But how were "the people" to say whether these reports were satisfactory, and if unsatisfactory, what action could they take? The top management of the industries was appointed by Ministers, though, once appointed, they could not be dismissed until the end of their—usually five-year—term of appointment. The Minister could, too, as already explained, issue directions to the Boards. The fact remained, however, that the managements of the nationalized industries were heavily insulated from public criticism and enjoyed at least a semi-autonomous position.

Debate in Parliament on the reports of the nationalized industries has invariably a different character from that where there is direct and entire ministerial responsibility. The relevant Minister is himself in a difficult position. He is the spokesman, and the only parliamentary spokesman, of the Board. Yet he may not himself agree with all aspects of the Board's policy or have had any hand, for good or bad, in the results which the Board has reported. If he criticizes them, he seems to be attacking those who cannot answer back and are to some extent his subordinates. If he defends them through thick and thin, he is accepting a responsibility partly divorced from power. This was the situation of Mr. Lennox-Boyd, the Minister of Transport, in the debates on the Transport Act, 1953, when, with an almost unnecessary chivalry, he reported to Parliament opinions of the British Transport Commission adverse to provisions of a Bill which he himself was asking Parliament to accept.

Piquant possibilities are opened up by the British Transport Commission's report for 1952, published in June 1953, when the Transport Act had become law. The report contains unveiled criticism of the policy behind the Transport

Act, 1953, which, as this had by then been passed by Parliament, is in effect a criticism of Parliament by the management of a nationalized industry. "Shall the clay say to him that fashioneth it, 'what makest thou?'" In the British Transport Commission's opinion, evidently the answer is, Yes. There are now, therefore, two aspects to the question: not only whether and how Parliament should control a nationalized industry, but whether and how a nationalized industry should criticize Parliament!

Report of the Select Committee

MEANWHILE the Select Committee already referred to had reported. Its terms of reference were: "To consider the present methods by which the House of Commons is informed of the affairs of the nationalized industries and to report what changes, having regard to the provisions laid down by Parliament in the relevant statutes, might be desirable in those methods". Its conclusions were that while there should be no extension in principle of the opportunities for parliamentary questions, a Select Committee of the House of Commons should be set up under a Standing Order with the remit of "examining the reports and accounts, and obtaining further information as to the general practice and policy, of the nationalized industries". Their idea was that this should be a committee similar to the long-established Committees of the Commons on Estimates and Public Accounts, with its own staff, including an officer of high administrative experience and a professional accountant. It will probably be some time yet before this report is debated or the Government announce whether they support its conclusions. It can, however, hardly be said to have been received with much enthusiasm, and may be criticized for having scratched the surface of the problem without penetrating to the realities.

The Committee as good as admitted that their conclusion was a counsel of desperation. "We must either", say they, "accept the objections and thus abandon all possibility of dealing with the present situation or, despite the difficulties, make provision for such an enlargement of the field of parliamentary accountability as will provide the House of Commons with the information which it rightly requires without, in obtaining that information, interfering with or jeopardizing the efficiency of the nationalized industries. A committee appears to be the most appropriate means by which this can be done." In other words, like many select committees, the members were evidently of the opinion that the answer was a lemon, but preferred to make some recommendation rather than none. It was a foregone conclusion that the recommendation in that case would be for a committee.

The very analogy attempted to be drawn with the Committees of Public Accounts and Estimates illustrates the "difficulties" to which the report alludes. These powerful committees, with their own officers and staff, are dealing with fields where ministerial responsibility is unequivocal. They are dealing with the application of definite sums of public money voted by Parliament for definite purposes. By "grilling" the representatives of the Departments and other witnesses, they ascertain whether Parliament is being asked for more money than the purposes agreed require, and whether the money

which it votes is being properly spent in accordance with its decisions. Their attitude towards the Ministry is essentially critical, for though they accept the policy underlying the Votes and Estimates, they are the watchdogs of the faithful Commons as against the Crown and its servants.

This proceeding has nothing in common with the proposed select committee on nationalized industries, which the report hopes will be "regarded not as an enemy or a critic, but as a confidant and a protection against irresponsible pressure, as well as a guardian of the public interest". Here the commercial policy underlying the work, results and accounts of the industries, so far from being taken for granted, must be the very object of examination by any committee acting in the public interest. Essentially, therefore, the committee would be one to examine policy—the policy of a body deliberately endowed by Parliament with a high degree of independence of ministerial or parliamentary control, in order precisely that it might take legitimate commercial risks and work out its own aims and methods like a private corporation.

Hoping that "the Boards will come to regard the committee not as a criticizing body but one which they can approach to explain their policies and their difficulties", the report "feels strongly that the committee should avoid the investigation of matters which fall into the category of detailed administration" and that "the emphasis of its work should be not only upon finance but also upon general lines of policy". This is a fatal admission. The only possibility of really inspecting the working and efficiency of an organization like a nationalized industry is to be able to go in suitable cases into any degree of detail. Inspecting officers and efficiency experts depend on detail to give them their clues. The Committees of Estimates and Public Accounts would be powerless if inhibited in this way. It is their custom of fastening upon details and pursuing them remorselessly through sitting after sitting which makes them an effective check upon government departments.

The attempt to pretend that a parliamentary committee can become a kind of guide, counsellor and friend to the management of a nationalized industry, and still be an instrument of accountability to Parliament, is an admission that the report does not believe in its own proposals.

The detailed nature of the work of the Committees of Estimates and Public Accounts prevents them from examining more than a very few of the departments of government in any one session. Only over a cycle of years do they succeed in covering the whole field of the administration. The report had to recognize that its own proposed committee could only give periodic attention to any one industry. What would happen to parliamentary control in the long intervals? The solution offered has all the pathos of hopelessness:

We suggest that for the information of Parliament as a whole, and having particular regard to the duty of the House of Commons to safeguard the interests of consumers, each Corporation should publish with its annual report to Parliament the best estimate it can make of the percentage increase or decrease since the date of its establishment in the average cost to the consumer of its products or services, taken as a whole. This figure should accompany the annual accounts and reference to it should be included in the auditors' reports. This would enable the Committee to form some opinion, though not a conclusive one, on

the efficiency of the industry, as it could be compared with the general cost of living index.

What a proposal! To compare the *average* selling price of products or services not even with the general index of wholesale prices or of industrial productivity but with the cost-of-living index, that is to say, with an index of retail prices based on the assumed purchases of an average family in 1947! And this is to "enable the committee to form some opinion on the efficiency of the industry"!

The authors of the report were in fact rightly impressed with the devastating effect it would have on the management of a nationalized industry if a parliamentary select committee were turned loose upon it. From top to bottom, detailed transactions would be scrutinized and the results of the scrutiny made public so that every servant of the industry would have uppermost in his mind when taking a decision the question: "Suppose the select committee gets on to this one?" Errors of judgment, incidental losses, unexpected chances for which provision had not been made—the ordinary experience of any commercial undertaking—would be shown up by the merciless process of Question and Answer. Lord Reith was not exaggerating when he described such a committee as "bound to be a terrifying prospect to the public corporations" and "quite inimical to letting the management of public corporations do their job within the present statutes". Lord Reith indeed indicated to the committee considering its report that "the issues are so fundamental that nothing less than a Royal Commission with wide terms of reference could grapple with them". In other words, the statutes setting up the nationalized industries were framed precisely to exclude that sort of parliamentary control which this committee was now told to recommend.

One feels they would have been wiser to recognize openly that their task was *ab initio* impossible. The search for parliamentary control and public accountability really resolves itself into a critique of the theory behind the statutes of nationalization themselves.

Inherent Character of Monopoly

IT was an essential feature of the nationalization statutes 1946-50 that they created national monopolies. There would of course be nothing impossible in nationalizing part of an industry and leaving the rest in competition with it in private ownership. There have, for instance, been countries in which only one of the railways was a State railway; and from 1950 onwards, the British Labour Party has included partial nationalization among the methods of public control which it advocates. In their period of power, however, the Labour Government made no experiments in this direction. No one can mine coal without a licence from the National Coal Board; all the manufacturers of steel, though not of intermediate and end products, were nationalized; and not even municipal gas and electricity producers were exempted from acquisition. Only in the field of transport, and there reluctantly and with misgivings, was an element of long-distance road haulage left outside the nationalization scheme: the transport, namely, of a person's own goods in his own vehicle.

The nationalized industries of Britain were therefore all deliberately created

national monopolies. Unlike most private monopolies, they were intended to embrace all alternative processes or resources. Thus, all the fuel and power industries were nationalized, and certain exponents of Labour policy logically argued that there ought to be one nationalized fuel and power industry, embracing coal, gas and electricity, as there was one nationalized transport organization, embracing road and rail.

Over a private monopoly the public has usually two possible forms of control. If the monopoly seriously exploits its powers to the disadvantage of the public, its competitors in alternative methods or resources will flourish at its expense. A monopoly, for instance, which unduly pushed up the price or lowered the quality of metal containers would soon lose business to glass, to board, to plastic. This form of control, as we have seen, was deliberately excluded in the case of the nationalized industries, though the Conservatives have restored it to transport by denationalizing road haulage.

The other form of control over a private monopoly is the intervention of the State on behalf of the public. The Monopolies Commission is armed with sufficient power to examine the effect of a private monopoly upon the public interest. In the light of its reports, Parliament can proceed to forbid certain practices or, if necessary, to effect a compulsory break-up of the monopoly itself. When the Monopolies Commission, however, was established, the nationalized industries were specifically exempted from its purview, and the Conservatives have apparently not found it practicable to do what they advocated in opposition by cancelling this restriction. The restriction was indeed logical. Parliament could not establish a national monopoly, with a board to run it in the public interest, and at the same time give the power of investigating it to a monopolies commission which might report that its policy was detrimental to the public or might even advocate that it be broken up again!

Perhaps there was a further reason why it was not thought appropriate that any independent commission should have the oversight of the nationalized monopolies. In contradistinction to private monopolies, they are, by the terms of their creation, non-profit-making bodies. Given therefore reasonable efficiency, it might be assumed that the public interest could not suffer by their operations.

The principle was not new. Statutory undertakers in the past, such as water companies, at the time when they received monopoly powers in their respective areas, were limited by Parliament to a comparatively low maximum rate of interest on their capital. With the nationalized industries the method adopted was to enjoin them to operate so as to "break even" in the long run. "The Transport Commission", says, for example, the Transport Act, 1947, "shall so conduct that undertaking and levy such fares, rates, tolls, dues and other charges as to secure that the revenue of the Commission is not less than sufficient for making provision for the meeting of charges properly chargeable to revenue, taking one year with another." The formula, which varies slightly from one Act to another, is worthy of some attention.

While telling the Commission not to make a loss, it does not prohibit them from making a profit: the revenue is to be "*not less than sufficient*", not "not

more". Moreover, the expression "taking one year with another" is deliberately vague. Clearly it means, on an average over the years; but it refrains from indicating how many years are to be averaged for the purpose. This is most material. Take, for example, the case of the National Coal Board. As coal monopolists they can fix their price at any level they like. If they fix it at the average, they must break even more or less annually. (The reason why, with this policy, they have not done so in practice is because their calculations have always been overtaken by adverse events.) On the other hand, if they sold their coal at the marginal price, that is, if they sold every ton at a price sufficient to cover the cost of raising the most costly "marginal" ton, they might still over a cycle of years break even and no more than break even; for the surpluses of earlier years, if invested in developing lower-cost production, would steadily bring down the marginal price in later years.

Such a choice of policy, though it has not in fact so far been the subject of a ministerial direction, is certainly sufficiently general in character and high in importance to justify parliamentary debate and criticism directed to the responsible Minister. Within that policy, doubts whether the public interest is suffering by the operations of the nationalized monopoly resolve themselves into two classes. Is the concern operating at maximum efficiency? and, Is it in the nature of a monopoly, however efficiently operated, to act in the long run in the best public interest?

There is no objective standard of efficiency, though the Select Committee's report was trying to find one when it made the suggestion of a comparative price index. Unit costing schemes such as may eventually be introduced in another nationalized "industry", the National Health Service, are of value in detecting variations of efficiency within a monopoly itself. They can never show whether the general level of efficiency throughout the monopoly is satisfactory. Where the concern is bureaucratic—a specific sum of money voted for a specific purpose to be spent by State employees—the various forms of parliamentary enquiry and supervision are probably adequate; we depend on such methods to maintain the efficiency, for example, of our armed forces. Where, on the other hand, the concern is commercial, the only ultimate test of efficiency is, alas, survival and success in the face of competition.

This brings us face to face with the great ultimate doubt, whether a commercial monopoly in State ownership can ever as such operate in the best public interest, whatever the machinery we employ to supervise it and however loyal and devoted its staff and employees. The supreme economic interest of an industrial and trading community like the United Kingdom is that there should be a continuous process of change and adaptation. Labour and resources must constantly and without impediment be enabled to flow towards those activities and methods which yield the highest return; and the values in which that return has to be expressed are not so much internal ones as those of the world at large, on whose trade Britain depends. The crucial question is whether monopoly, and above all, a State monopoly which embraces alternative resources and processes, does not inevitably insulate the economy against the impulses which promote and enforce change. Can

nationalized fuel and power industries, just because they are nationalized and just because they are monopolistic, delay shifts of production and method which competition would have enforced if they had not been monopolies or nationally owned? If the answer to this question is, as many who have no political axe to grind believe, in the affirmative, then a select Committee of the House of Commons on the nationalized industries is Mrs. Partington against the ocean.

THE MIDDLE EAST AFTER ABADAN

OIL PRODUCTION WITHOUT PERSIA

THE life and being of the oil companies is statistical, and it is not concealed from any who relish figures that from the fields around the Persian Gulf comes around one-fifth of the crude oil produced in the world outside the U.S.S.R. Much too is being made in oil publications of the fact that the temporary loss of the output of the Persian fields, which took effect during 1951, on the surface at least has been triumphantly made good. The astonishing expansion of the fields on the Arab littoral—evident enough at the time to all who watched but overlooked by the introversions of Dr. Musaddiq—coupled with an even greater relative increase in Iraqi production, due in part to exploitation of new fields but mainly to the provision of a larger pipeline to the Mediterranean, has enabled the industry to proceed smoothly in its course of development with scarcely a jolt to the machinery. Superficially, even the Anglo-Iranian Oil Company appears little disconcerted and is able to fill the gap caused by Persian default from its large interests elsewhere. As half-sharer in Kuwait, and quarter-sharer (to be exact $23\frac{3}{4}$ per cent) in the fields in Iraq and elsewhere worked by the Iraq Petroleum Company and its associates, the Company's prospective share in oil production in the Middle East in 1953 will not be far short of the figure produced from the Persian fields in 1950, the last full year of working (28.5 against 31.5 million tons).

What is not so well known is the comparison of World and Middle East production with that of Russia and her satellites. And there is need to appreciate the fact that the bulk of the oil supply of the U.S.S.R. is produced from the Caucasus, the Urals and Russian Central Asia, all areas as close to Middle Eastern centres as are the Middle East fields and pipelines to Russia.

<i>Region</i>	<i>1950</i>	<i>1951</i>	<i>1952</i>	<i>1953*</i>	<i>Remarks</i>
Persia . .	31.5	16	negligible		
Saudi Arabia . .	30	35	40	40.5	
Iraq . .	4	6	18.5	27.5	
Kuwait . .	12	25	37	42	
Bahrain . .	1.5	1.5	1.5	1.5	Note no rise
Qatar . .	2	2.5	3	4	..
Egypt . .	2	2	2	2	Note no rise
Total Middle East	83	88	102	117.5	..
U.S.A. . .	..	..	317	} 101.5	Estimates for period July 1952 to June 1953
Caribbean . .	..	..	101.5		
Free World . .	..	..	576		
U.S.S.R. . .	35.5	..	52	..	1950 = target 4th
Satellites . .	8	..	8	..	five-year plan: 1952 as announced by Malenkov

* 1953 figures based on actuals for 8 months Jan. to Aug.

The foregoing table shows to the nearest half-million tons the annual crude oil production by Middle East States in recent years, briefly compared with that of the free world, the U.S.A., the Caribbean and the U.S.S.R. The general picture reveals the Middle East as having overtaken the Caribbean as second world producer to the United States and, even without Persia, as producing double the crude oil available from the whole Communist world (China's production is negligible). The comparison with America needs to be qualified by the realization that development in the Middle East is more rapid and technically easier than anywhere in the western hemisphere, Canada perhaps excepted. There is also to be borne in mind that by general admission the fields around the Persian Gulf contain more than half the proved oil reserves of the world.

On the narrower stage it will be seen that there has been a boom rate of expansion everywhere in the Middle East except in Bahrain and Egypt. The interest of Bahrain lies in the fact that on that island oil was first struck on the southern side of the Gulf, leading the prospectors to the much larger fields subsequently discovered on the Arabian mainland; the Bahrain field itself has never been very rich. It will be seen later that there are reasons for Egypt's failure to develop.

The production story is not yet complete. Oil has recently been discovered in the Kuwait Neutral Zone, owned jointly by the King of Saudi Arabia and the Shaikh of Kuwait. Submarine oil has been proved off the Hasa coast of Saudi Arabia. It is also more than probable that oil exists in the Trucial coast area between the Qatar Peninsula and Oman, an expectation that has already led to a scramble to assert and establish disputed frontiers in that region. It is almost certain, too, that these fields will be found to extend outwards beneath the shallow waters of the Gulf, raising complex questions of submarine jurisdiction.* The delay in exploiting these more recent discoveries is due mainly to the companies' belief that, as it is, expansion from existing fields is fast enough to meet the demands of steady industry. Nevertheless it is clear that the existence of new and proved resources in other territory makes no easier the return of Persian oil to a market which has been buoyant enough without it.

Dr. Musaddiq could not have chosen a less propitious moment for snatching from the makers without payment what seemed to him a unique weapon, a weapon which, unfortunately for him, had gone into mass production in a later model long before he could hope to learn the use of the prototype.

The loss to the free world of the Abadan refinery was far more serious. It is the largest in the world, able in 1950 to process nearly 25 million tons a year, and its closure led to difficulties in the short term which had to be met by drastic reorganization of the pattern of supply of refined products. In this region the other refineries are those belonging to Aramco and its associates, at Ras Tanura on the mainland and on Bahrain. Both together, even stepped up, are unable to attain the Abadan flow, so that the supply of refined spirit from the Gulf region has dropped to less than half the previous output. This effect was seriously felt both in western Europe and, even more strongly, in

* A dissertation on submarine oil would fill another article.

the countries round the Indian Ocean, whose steadily expanding demand had to be met by special adjustments.

Great Britain as an Oil Exporter

BUT in Europe including Britain, in pursuance of a new policy to site refineries at the consuming end, there was already a great construction programme under way, and the slack has now been taken up. Indeed, spurred on by the challenge of the loss of Abadan, the O.E.E.C. countries have trebled their refinery capacity in the five years since 1948 and should reach a figure of some 100 million tons by the end of the current year. Britain has done even better, and with ten times the capacity of seven years back will dispose of more than one-quarter of this 100 million tons in installations such as Fawley and Kent whose names are becoming familiar. To this energy we owe the surprising result that Britain is now able to refine more oil than is needed to satisfy her own demand plus bunkers, and is in a position to export oil when hard put to it to produce enough of her own coal for export.

In Asia and farther south the position is still very tight, but there again the loss of Abadan has accelerated action for building new refineries in Aden, India and Australia, all expected to come into use in the course of the next two years.

The facts of production must of course be viewed against world demand. The post-war period saw an enormous expansion in demand, creating boom conditions. Added impetus was given by the high and rising standard of living, accompanied by the relatively slow and painful growth of oil-production, in the United States. At the present time the United States, the world's greatest oil producer by far, is actually also its greatest oil importer, at a figure believed to run between 25 and 50 million tons a year. Even should this need for marginal imports disappear, it is certain to recur. Demand has been stimulated by rearmament and the vast expansion of air transport generally. In the long term it is to be expected that demand will run ahead of supply, and the industry be able to absorb what it can produce. Such boom conditions will particularly favour the Middle East with its vast reserves, the more so as the older fields in the western hemisphere begin to be exhausted. But at the moment there are signs of a check in demand, which is steadying to an average annual growth of not more than 5 per cent. In the short term, therefore, it will not be easy to accommodate a sudden new supply in quantity, such as would be available if the full Persian production could again be thrown on the market.

This steadying of demand is a usual sequel to a period of very rapid expansion, which is able to be met by an even larger relative output of the raw material required to satisfy the increasing need. In this case so rapid has been the increase in Middle Eastern output that it is now common to find publicists discussing the current glut in oil. Here it is not irrelevant to remark that even Russia, with less than one-tenth of the world's output, has recently resumed exports to Italy, Finland and Iceland. At the moment of writing we have a buyer's and not a seller's market, with reservations in so far as the supply of refined spirit to the Indian Ocean countries is concerned.

Thus, speaking *commercially*, the 1953 world can do without Persian crude oil. And, although at the time the loss of the processing capacity of Abadan was most serious, even that gap is well on the way to being filled. The reopening of Abadan—which for technical reasons can only take place in stages—is no longer a necessity and cannot be secured without a large capital investment. There remains of course the immediate importance of saving most valuable installations and equipment from depreciation and disuse.

This is not to say that there are no vital reasons of a *political* nature, reasons to the Persians of economic import also, for the resumption of the flow from the Persian fields. But it does mean that a wider political motive may have to be called in to override a policy based on purely industrial and commercial considerations. To this we shall return.

Prices

AT this point it may be of interest to refer to the suggestion that a glut of oil, if glut there be, would at least benefit the consumer by bringing down prices. In an interesting exchange of correspondence in *The Listener** Commander King-Hall appeals to the elementary law of supply and demand as affording sufficient reason why we should welcome the return of Persian oil to the market, even if, or perhaps because, a glut would be produced and prices slump. In reply Mr. Bernard Davies, to whom for some reason the paper gives the last word, argues that the reintroduction of Persian oil would not reduce prices. According to him it would even put them up, the matter being independent of the ordinary relationship of supply and demand because, as he says, the world oil industry is incapable on a short view of absorbing an additional 600,000 to 700,000 barrels daily† of crude. Mr. Davies supports this announcement by saying that the amount of oil that can be handled is governed by four factors, viz. (i) shipping space, (ii) refining capacity, (iii) storage capacity, (iv) consumer demand.

Having said this, he proceeds to demolish his first limiting factor by admitting (as is true) that there is at the moment a tanker surplus. He does not state (what would also be true) that the return of Persian oil would bring with it Abadan, or that (as is the case) the refinery capacity of western Europe is at the moment a little more than adequate. But these facts demolish his second limiting factor, shaking confidence in the rest of his argument. He is on firmer ground in stating that the cheapest place to store surplus oil is in the wells, and to his conclusion that the crux is political, not economic, it is easy to follow him. Yet, as stated, his arguments hardly carry conviction. No one should suggest that the whole 1950 flow of Persian oil could be resumed just by turning on a tap.

It is more probable that the real reasons why there has been an upward, not a downward, pressure on oil prices lie a little deeper. The first is surely the continual and urgent pressure exercised upon the companies by the governments of the States who own the oil. In Egypt this pressure has been

* September 10 to October 8, 1953.

† To convert barrels daily to tons yearly multiply by 50. The above figure then represents 30-35 million tons a year.

so remorseless that the company concerned has had to abandon all thought of further development, and the Egyptian output figure remains static. In the Persian Gulf every producing State jealously competes to obtain equal, if not better, conditions than its neighbours; along the pipelines other States seek to levy blackmail for transit. Some States even claim benefit for oil discovered but not yet worked.

Experiencing all this, it is not surprising that the companies are above all concerned to maintain a steady profits structure, and with it a price structure, which is so largely regulated by the profits paid. They must therefore guard against any uncharted development which might throw out of perspective the carefully balanced pattern drawn. The sudden return to the market of millions of tons of oil could only be absorbed within existing capacities by some arrangement to contract output temporarily from other fields. Such an arrangement in its turn would reduce the revenues of those other States. Without regulation these might indeed result in the fall in prices for which Commander King-Hall looks, but at the cost of political troubles with every single State concerned, including probably Persia. Even with regulation, and an equality of sacrifice to make room for Persian oil, the Arab States are likely to suffer some loss of revenue, and, *pace* Mr. Davies, it is quite possible, and perhaps desirable, that there should be some reasonable fall in the market rate of oil.

It is clear at any rate that the political advantages accruing from a resumption of the Persian flow, and a more stable Persia, have to be set against the risk of antagonizing Arab States who have hitherto kept, not broken, their agreements. This is a position to be protected in any arrangement made.

Oil Revenues

OIL revenues used to be known as royalties, meaning an agreed payment by the concessionaire to the owner State per ton of oil extracted. That was the old arrangement with Persia, but in all the other Gulf areas (except Persia where negotiations were broken off by Dr. Musaddiq's expropriation measures) there is now in existence what is known as a 50/50 arrangement, on the lines of the agreements in force in Venezuela. This is supposed to mean an equal division of profits between the owner government and the concessionaire company, made before deduction of any tax due to the company's own government. The owner government thus obtains its share on the basis of gross, not net, revenue. An alternative method is a combination of royalty with profit share, viz. a relatively small fixed royalty per ton, with an additional payment to make up the aggregate to a nominal 50 per cent of profits. This additional payment is sometimes described as an income-tax paid to the owner government, in the hope that under "double taxation" agreements the company may be able to obtain a reduction of tax claimed by its own government.

This 50/50 is not so simple as appears. For it is not a division of real profits into moieties, but of profit minus a discount x . In a broad way this x may be said to represent the difference between a market price for oil and the price at which an extracting company may sell oil at a special lower rate on

bulk contract. For example, Aramco represents an amalgam of four parent American companies, and may have special arrangements to pass oil to them at a bulk rate. One of the squeezes sought to be applied by owner governments is to claim that calculation of their moiety should be based on a full market price—in other words, that x should disappear.

In a feudal economy the corrupting effect of sudden and relatively large oil revenues may be very great. Neither the companies, nor their governments, publish the figures, which are supposed to be confidential. There has, however, been much leakage to the press; the following figures are taken from a recent publication*—

Saudi Arabia . . .	£59 million year ending March 1953
Iraq . . .	£50 million forecast for 1953
Kuwait . . .	£60 million the popular figure
Bahrain . . .	£2½ million on current production level
Qatar . . .	£5 million on current production level

Revenue is sometimes payable a year in arrear, and the above figures are irrespective of any rise or fall in prices. The present writer believes some of them to be on the high side, particularly in Kuwait and Iraq, but generally on present prices it may be said that an estimate of a State's profits based on 25–30 shillings a ton extracted will not be far from the mark.

Iraq, if she remains stable, is a country with an agricultural future as bright as the industrial, and should have little difficulty in absorbing the millions now available. The Iraq Development Board has been set up with that purpose, and has made an excellent start. Bahrain's revenues are manageable and the island is in any case an entrepôt of trade, admirably administered with British aid under a family of Shaikhs which for more than one generation has shown an instinct for marrying the new with the old.

In the other regions on the Arabian mainland the position gives ground for grave disquiet. It is the problem of the shower of wealth falling unexpectedly on an untried anachronistic society. The Shaikh of Kuwait, himself a simple unostentatious ruler in the Arab tradition, has indeed seen the wisdom of treating oil as a wasting asset and has set up an Investment Board to take a portion of his annual revenues; but the inflow of unheard-of wealth into this desert township has led to serious inflation and stimulated the less agreeable instincts of those who surround the ruling house. The Shaikh of Qatar, ruler of an utterly desolate promontory, looks over his shoulder at a local *éminence grise* whose advice bodes ill. Round the grave of Ibn Saud scramble sons, cadets and courtiers in centuries, each eager to expend in Egypt, Europe or America his share of the golden benefit.

The old story of Midas, ass's ears and all. And here is no Pactolus in which to wash and be clean.

The Trucial Shaikhdoms

EAST of Qatar, towards the Gulf mouth, are situated the seven Trucial shaikhdoms of Oman, the largest and most important of which is Abu Dhabi. These townships are small city-states along the southern littoral, Abu

* *Petroleum Press Service*, May and July 1953.

Dhabi being the only one with a considerable hinterland bordering on the spine of the Jebel Akhdhar, beyond which lies the domain of the Muscat Sultan. Some fifty miles inland from the coast is situated an oasis with a cluster of villages known collectively as Buraimi, to part of which both the Abu Dhabi Shaikh and the Sultan of Muscat lay claim. But in all this region east and south of Qatar the frontier between these city-states and the inland Saudi dominion remains unfixed, an uncertainty which has long been foreseen as the cause of trouble if oil is ever found in Trucial Oman. Traces of oil have now been found, though as yet for reasons given it is unnecessary to extract it.

The sequel has been not unexpected. Ibn Saud, or his advisers, decided to jump the claim and sent to Buraimi a representative named Turki bin Atashan in command of a small armed force supplied with funds to attach the tribes to the Saudi cause. Her Majesty's Government acted at once to defend the interests of the Ruler of Abu Dhabi (who is under Her Majesty's protection). An initiative to obtain British support was also made by the independent Sultan of Muscat. Her Majesty's Government offered arbitration and meanwhile reacted by blockading Turki in Buraimi with a force of Trucial levies. The present position is that the Saudi Government has agreed to arbitration as to ownership of the Buraimi area, but has been told that this must be conditional on the restoration at Buraimi of the *status quo ante* by the withdrawal of the Saudi force.

The issue is one of great importance, on the right solution of which may hang not only the very existence of the Trucial Shaikhdoms but the steady, ordered, working of the whole of the oil resources of the Arab littoral. A false step, or lack of concert in the Western approach, might lead to consequences no less grave than those set in train by the arbitrary action taken two years ago on the Persian side of the Gulf.

Let it be remembered, too, that Britain and America, if they are to be firm in their dealings with Saudi Arabia in defence of weaker interests at Buraimi, must display an equal sense of even justice in negotiating fair terms on which the Persians, who broke an agreement, can be readmitted to a market enjoyed by others who have so far kept theirs.

"Don't let's be beastly"

IT should not be deduced from what has been said that the return of Persian oil is not an overriding political objective. It is; and on a long view it is as important to the Persian Gulf region as a whole as to Persia. A despairing Persia turning as a satellite to Russia would bring Russia to the position which Molotov defined in 1940, and no doubt still defines, as "the centre of her territorial aspirations". Oil apart, the world's east-west communications would be broken. Next to that of Turkey, the stability of Persia is probably our most important aim in the Middle East. Without oil resources that stability is far to seek. It follows that no sense of *amour propre*, nor even any commercial difficulties of a temporary nature, e.g. of marketing, should be allowed to weigh seriously in the balance against the need to get Persia's oil flowing again. Remembering the Persian poets of his youth, Mr. Eden has

spoken clearly enough in Parliament on the text of—"Don't let's be beastly to the Persians". And he is right.

Some of the difficulties have been indicated, and it is obvious that, in reaching a settlement with Persia, there is a position to be protected. Briefly this is that, while everything reasonable should be done to help General Zahedito put over logical economic arguments to a people for two years bemused by demagoguery, the flow of Persian oil cannot be resumed all at once, nor can the terms which Persia may secure put her in a position more favourable than her neighbours. To that end the company's claim for compensation for loss of profits and depreciation must be met, and a formula sought which will enable the Persian State once more to enjoy greater and much needed revenues, and us to protect our own and other oil interests in adjacent parts of the Gulf. The basis of such a formula might be that within reason the cost of Persian oil should not be more, or less, than that of oil from other fields near by.

From what has been said it is also evident that resumption of the flow must necessarily be gradual, with the least possible disturbance to the output of countries which have come to rely on their oil revenues and will see no reason why they should be driven to being sharers in sacrifice rather than in profit.

There remain two great difficulties of a practical nature. The first is the fact that diplomatic relations are severed between Britain and Persia, and we have at present no Mission in Tehran. Whatever praise may be due to the American Ambassador over the manner of his presentation of the British case to the Persian authorities, Mr. Henderson would himself be the first to admit the embarrassment of acting as the honest broker between two parties with only one of which he is in a position to maintain a close and personal touch. The breaking of diplomatic relations as a gesture of disapproval is in any case a futile proceeding, for, short of actual war, the greater the differences, the more urgent the need for day-to-day discussion. Until this elementary point has gone home, we shall do well to hasten slowly.

The other difficulty concerns not Persia alone but the conduct of all oil negotiations in which Britain and America, their governments or their commercial and industrial organizations, may both be interested. It is the difficulty brought about by the existence of the Anti-Trust Laws in the United States. These laws seem to be a part of the American way of life, and companies operating in the United States have no doubt evolved techniques for meeting them. But it is something new for a claim to be made that any company operating in relation to an American company anywhere in the world, foreign or American, should come within the mischief of these laws. Do we face once more the Roman, who carried his law wherever he went?

On the basic principles of International Law it could be argued that a country's courts cannot try even one of their own nationals for action outside its own territory.* Much less then are they in a position to try a foreign

* The special requirements of military discipline in forces on foreign service appear to impose an exception. Since the above was written the Court of Criminal Appeal has dismissed the appeal of a soldier convicted by court martial of the murder of a civilian in

national. Yet British-owned oil companies operating in the Middle East were included first as co-accused in a criminal proceeding instituted under these laws against American companies operating in this field, and later, when that case was dropped, have been named to be impleaded as defendants in a civil suit. The companies having been instructed by their own government not to exhibit documents, the civil suit also against them has been dropped, but with no guarantee that it will not be revived. That against the American companies remains.

Briefly the case against the American companies is one charging them with restrictive practices in the fixation of prices and quantities of oil marketed. The main point appears to be that these alleged restrictions have been applied in consultation between the American and British companies concerned, and so amount to what is popularly known as "ganging-up". While the case is pending, no American company dare take the risk of open consultation with another company, American or British.

The position brought about needs only to be stated against the background of the great political issues involved to disclose its inherent absurdity. How can the two governments confer fruitfully on matters of vital and common interest, such as the terms of resumption of the Persian oil flow or the comparative revenues of (say) the King of Saudi Arabia and the Shaikh of Kuwait, if the companies dare not even meet to hold consultations? In the international field such laws simply do not work. Moreover in the Arab League and the Saadabad Pact the Middle-Eastern States have ready to hand their own machinery of consultation at government level, while all the time (as was noted recently) workers are at liberty to move from one field to another and compare conditions.* Unless the companies are able to keep in step, one will be played off against another and their governments cannot be expected to evolve a coherent policy.

Though the Anti-Trust fanatic would deny even this, it may be that the answer lies in the interweaving of British and American companies in truly international organizations such as the Iraq Petroleum Company with its British, American, French and Dutch elements, or the Kuwait Oil Company, shared half and half by the Anglo-Iranian and an American group. Consultation between different elements under one umbrella, one would have expected, could scarcely be objected to. Meantime, while extending sympathy, let us draw what comfort we may from the announcement that the judge appointed to hear the case, Judge Liebel, has seen fit to withdraw on grounds apparently of ill health.

Iraq

IT was stated in the article cited from *The Economist* that in these countries perhaps the main difficulties are to be apprehended not from the ruling feudal classes, in whose hands stick most of the benefits, but from the new educated, struggling to make good as a middle class and embittered by Egypt, rejecting the contention that the British courts had no jurisdiction because the person killed was not within the Queen's Peace.—*Editor*.

* Cf. *The Economist*, July 18, "Clouds along Persian Gulf".

unrealized ambitions. The Middle East, it was said, is divided into a small responsible minority who secretly think Musaddiq is a fool, and a multitude, including these same new educated, who think he has struck a noble blow for his country and for Asia's prestige.

Such an analysis is open to doubt. Musaddiq himself is a member of the wealthy feudal landed class, and there is at least a possibility that a replacement of those outworn Persian grandees who swell the Mejlis by a newer middle class would tend towards a greater realism in the conduct of affairs, and even perhaps to the substitution of public spirit for greed as the ruling motive in dealing with political or industrial assets.

This hope seems to be in process of actual realization in the neighbouring country of Iraq. There, on September 17, the old set of bell-ringers, ringing the changes only between groups of elders supposedly qualified in the art of pulling bell-ropes, has for the first time been supplanted by a young government of choristers, passing previously as discontented radicals. For the first time, too, an Iraq government comprises a number of Shia members in some proportion to the Shia population, and good progress is being made in the distribution of benefits by absorbing the unemployed in irrigation and other schemes financed by the Development Board from oil revenues. The money does not seem to be sticking on the way down. The leading spirits are Fadhil Jemali, the Premier, and Abdel Kerim el Uzri, the Finance Minister. The coronation of the young king, taking place only the month before that of our Queen, was celebrated with enthusiasm, with a great welcome accorded to the Duke of Gloucester who attended on Her Majesty's behalf. In Iraq talk of oil nationalization or expropriation is dormant, at least for the moment, and there are signs that the younger idea is more ready, when in office, to forgo notions of xenophobia and see their country plain in its international setting. For xenophobia is not seldom a vicarious passion stirred up by men personally interested to divert the wrath to come from falling on their own heads.

Iraq stands between Persia and the Jezirat el Arab; it may be the key to the solution of the whole matter. As was written in a recent book* on this region:

Iraq, a conglomerate untested, has come close to being selected as the keystone of an arch.

* *Wells of Power*, by Sir Olaf Caroe, 1951.

REPUBLICANS TO THE GRINDSTONE

THE LABOR OF FORMING A POLICY

THIS is a period of deferred decisions in internal American affairs. Such a position is probably inevitable, but it produces a good deal of uncertainty.

President Eisenhower did not have carefully worked-out policies on national and international issues when he took office. During the campaign he was pushed into a good many generalized, over-simplified, and rash commitments. He did not know better. He did what the experienced politicians told him to do. These commitments have since returned to distress him. Being a professional military man, a man who calls upon a competent specialist to do a job or to advise him, naturally General Eisenhower turned to the political experts when he faced the special problem of winning the election. In retrospect, he probably wishes unsaid some of the promises he made. But in general these promises were all in the directions in which he intended to move, and he will certainly do his utmost to keep all the promises.

During the campaign the President promised:

To balance the budget; to reduce taxes; to cut federal spending; to create a stronger national defense for less money; to improve the condition of the farmer but to reduce federal controls over him; to amend the Taft-Hartley law (which labor wants) without reducing its basic controls (which employers want); to clean up corruption in Washington; to reduce needless bureaucracy; to eliminate subversion; to reverse "statist" trends; and so on.

These commitments, it will be readily seen, were very broad. They were not specifically and carefully developed policies. They were directions. In attempting to carry them out, the President first had to pick the men to do the job. He assembled what still is felt to be a thoroughly competent Cabinet. There could, of course, be improvements here and there along the line, but in broad terms the standards of potential capacity were high.

However, nearly all these men were inexperienced in national office, and many of them had never served in government before. They had to learn their jobs. They had to develop policies. The Republican Party in opposition had not really formulated careful policies on outstanding issues. Again, there were directions but there were few policies. There was also conflict between some of the highly diverse and individualized Republicans in Congress. The President could not possibly agree with some of them. In some cases their reactionary attitudes, their narrowness, however tolerable when in the exaggerated position of the opposition, would not do at all for a responsible Administration.

If President Eisenhower had possessed the bold and insouciant temperament of President Roosevelt, he might have dashed ahead in his first hundred days, as Mr. Roosevelt did in 1933, with a wide array of hastily conceived

measures, concocted by a "brains trust" possessed of the merits of decisiveness but sometimes of little else. But there was not quite the urgency of 1933, at least in domestic affairs, and in foreign policies the Eisenhower-Dulles administration compares not at all unfavorably with the early international measures of 1933.

However, President Eisenhower, with great intellectual honesty, decided that policy could not be extemporized but must be studied out. Therefore he decided to appoint expert commissions, which should examine problems carefully and come up with policy recommendations.

Among the multiplicity of commissions which have been set up are groups to study the following subjects: government centralization; foreign economic policy; consolidation of federal departments and reorganization of federal government; agricultural policy; military training; Taft-Hartley law changes; anti-trust law amendment; Defense Department reorganization; surplus property disposal; government contracts commission; relation of federal to state governments; and so on.

For policy-making by commission, President Eisenhower is sharply criticized by the Opposition. It may be said, of course, that the Administration should have been ready with these policy analyses before they took office. But that was a tall order. Until after the July convention nobody knew whether the party was to head in an Eisenhower direction, or a Taft direction, or somewhere else. And then, the presidential nominee had to plan and conduct his campaign and get elected. Policy-making was necessarily hasty, over-simplified, and hampered by the curse of campaign oratory.

There was another difficulty: the political inexperience of the men who came into office. It is a business-man's administration. Whatever their virtues, these business executives are not accustomed to the concessions and adjustments of politics. And between a governmental department run as an economical business operation, and a department run to obtain the most political benefit, or even to conciliate the minimum political needs, there is a considerable difference. For example, the business executive can see where 100 employees can be snipped from an operation without any drop in efficiency or productivity. The politician knows what the dismissal of these workers means to them, their families, to the district in which they live, and to their votes.

Enlarge the question of the 100 employees to the level of budget-balancing as a whole, or national farm policy, and you have a major issue. And the farm problem is the most irksome domestic issue now faced by the President. There is palpable dissatisfaction and doubt all through the agrarian population.

Disgruntled Farmers

AS an expression of this discontent, and for other reasons, the voters in a Wisconsin congressional district that had never gone Democratic before recently elected a Democrat to replace a deceased Republican. The result was not so sharp a repudiation of the Eisenhower Administration, and hence not so grave a warning, as it seemed. This particular Wisconsin district had a long background of Lafollette progressivism, which is a sort of Republican version of the New Deal. The late Republican congressman had voted with

the New Dealers on domestic issues most of the time, and he was a sharp isolationist. The victorious Democrat promised to do exactly what the departed Republican had done; the unsuccessful Republican candidate merely called on the voters to support him because he would support the President. And local elections in the United States are notoriously decided on local issues.

Despite these complications, there is abundant evidence that the farm voters of Wisconsin (there were labor voters in this district, too, and they are disgruntled for different reasons) and the farm voters of the rest of the country are definitely not pleased with Administration farm policy. In the face of ailing farm prices and high costs, they could hardly be pleased anyway, but in addition there is not really an Administration farm policy in existence. There is an effort to produce a farm policy. The same policy lag is true on many other domestic issues. The procedure—to study and develop strong and wise policies—is sound enough but it is politically weak.

Four days after the Wisconsin defeat, the President made a farm speech at Kansas City. He did not give the farmers a new policy, but the promise that there would be a policy. This was not good enough, but it was candid and honest, and perhaps the only way to improve it politically would have been through the hasty extemporization of a policy glossed over with the politician's specious promises. On the long view, the President was of course very wise not to take the expedient road.

It may be informative to note exactly what the President told the farmers at Kansas City. He said that he had established an 18-member commission "to help devise programs" for farmers. The Department of Agriculture is "talking with farm groups". Special commodity groups and agriculture colleges are "working on technical problems". The House of Representatives Agriculture Committee is holding hearings at the "grass roots". The President will "weigh carefully" all the recommendations which these groups and studies will bring to him. There is a "diversity of opinion" about what should be done. The President is "keeping in touch" with these studies. Later he and his Secretary of Agriculture "will confer" with the leaders of these groups. Thus the Administration will "firm up the needed program". After that will come "exhaustive committee hearings and debate in the Congress". "The end result will be as sound and as carefully thought out a farm program as practical experience, expert knowledge and good judgment can devise."

This is a frank and perhaps a disarming statement, but it asks the farmer to wait a long time for the end of his difficulties. In the interval, his impatience—and his political expression of it—may get pretty strong.

What is happening in connexion with the farm problem is also taking place, with greater or lesser degrees of political impatience, in many other areas of needed national action. Labor policy is as yet undetermined. There is considerable agreement that the Taft-Hartley Law—which is a statute limiting the rights and privileges of union labor—should be moderated. Senator Taft himself had prepared a list of relaxing modifications. But the President and his advisers could not agree on a set of amendments before Congress adjourned this summer, and as a result Secretary of Labor Durkin resigned with

charges of broken promises against the President. The leaders of organized labor are intensifying their attacks against the Administration. Unless conditions change drastically, they may be expected to oppose the Administration program during the next congressional session, which will be crucial, and to support anti-Administration candidates for Congress at next year's mid-term elections. If farmers are also opposed, next year, the combination of farm and labor resistance to the Republican Party or the Eisenhower program or both may be decisive.

The Quest of Economy

THERE are also grave fiscal problems ahead. The Administration is pledged to push through, early next year, the repeal of the excess profits tax, and to permit without change a reduction in income tax rates of 10 per cent. Other taxes are due to expire with 1953, and may not be explicitly extended. Therefore 1954 is likely to begin with a loss of revenue from these expiring or repealed taxes of no less than \$8,000 million. This grave deficiency must be made up somehow.

Only two ways exist, of course, to balance a budget. Whether expenditures can be cut enough to bring a balance is most unlikely, since there is no sign that defense needs can be diminished sufficiently, and there is simply not enough non-defense spending to make the difference. Defense policy, like farm and labor policy, is not really set yet, although President Eisenhower with his broad experience doubtless has a far clearer concept of defense needs than of farm or labor intricacies. He has pledged himself to put adequate defense ahead of a balanced budget.

But to develop and implement a drastically revised defense policy is a titanic task. Basic lines are set, of course: American defense programs and military needs are closely integrated with NATO and the hoped-for EDC in Europe, and with our position in Korea, Japan, Okinawa, and the Philippines in Asia—together with aid to France in Indo-China and lesser responsibilities elsewhere.

Such policies, however, are only a beginning at solving the riddles which will determine whether or not the U.S. budget can be balanced. How much needs to be spent in continued development of fission and fusion weapons, how much in the Strategic Air Command, how much in guided missiles, rockets, and other devices upon which future military operations may well depend? How much can older and more conventional aspects of defense be cut? Should we scrap the "balanced forces" system, largely a political compromise, by which the defense budget has been cut up in nearly equal thirds between army, navy and air force? Must we arm with conventional forces for future Koreans, as well as for the dangers of intercontinental global war? And must we prepare for continental defense, which means an early-warning radar network and the fighter planes or missiles capable of defending American cities and industrial centers from devastating surprise attack?

Few of these basic questions about the defense budget have really been answered definitively. It may take great political courage and administrative skill to contain inter-service rivalries and cut back expenditure in the Defense

Department which is supporting obsolescence and outworn concepts and needs. The Strategic Air Command doubtless needs more money, perhaps as a first priority, but the case for "continental defense"—which in a measure really means Nato-wide defense and warning—may start out with a cost of less than \$1,000 million a year but run to many \$1,000 million before it is through.

The upshot of all this is that net saving in defense spending is just not realistic, although a heroic campaign to cut down the wrong kind of defense spending might result in holding expenditures near their present level. Even to balance the budget, therefore, new taxation will be indispensable. We must, at the very least, make up for the revenues we are losing. The logical business-men and financiers in government have spoken of a federal sales tax. The politicians have reacted with horror. Many of them will fight a sales tax in Congress, for they know—or assume—that a national sales tax would be very unpopular. Just why a federal sales tax is so politically untouchable, when it is a workable device already in 31 states and nearly 200 cities, is not readily explained.

The illogical nature of political action makes the Administration's economy program continuously difficult. Almost everybody—at least, every Republican—is in favor of economy. It's like being for home and mother, and against sin. But the usual politician is for economy only in general principle. Let the economy strike his state, or his district, and his approbation turns to alarm. This happens even to the best and most intelligent of elected politicians. At the very least, they must put up a protest "for the record". Generally, they actually obstruct. Sometimes, of course, they are even right.

A Difficult Congress

TIME, on the whole, would seem to be working in favor of the Administration. The many commissions which have been set up ought to be reaching conclusions one of these days. The conclusions ought to be sounder and wiser than the courses of expediency usually resulting from political action. By early 1954, the Administration should begin reaping the fruits of its indecision and caution in terms of well-thought-out programs. These should be available for action in the next term of Congress, and that Congress should get its work done some two or three months before the mid-term elections in November. It will be a heavily over-loaded term of Congress, but everybody knows this and it may help to cut down inefficiency and wasted time in the first few months.

As of the present, while President Eisenhower personally retains a high degree of national popularity and support, the Republican party has lost the Senate and may easily lose the House. The death of Senator Taft, and his replacement by a Democrat (because the appointment was in the hands of Democratic Governor Lausche of Ohio) means the Republicans can get a majority in the Senate only if insurgent Senator Morse of Oregon votes with them, to create a tie, when the Vice-President Nixon, as presiding officer, can break the tie in favor of the Republicans. Senate membership: Republicans 47; Democrats, 48; Independent, 1. House membership: Republicans, 218; Democrats, 214; Independent, 1.

The Democrats have decided—and so has Senator Morse, in his uniquely decisive spot—that they will saddle the Senate Republicans with responsibility but deprive them of power. It would be theoretically possible to “reorganize” the Senate by a Democratic majority, oust all present committee chairmen, elect Democrats in their stead, and go ahead from there. But the Democrats do not feel this would be politically expedient. Moreover, some of their number are strong personal supporters of President Eisenhower and are closer to Republican party principles than they are to Democratic. A comparable situation could be produced in the House of Representatives by pending by-elections. In any case, the Republicans’ House majority will be exceedingly slender.

All this means, as has been set forth in these dispatches several times, that President Eisenhower must really conduct his Administration on a non-partisan or bi-partisan basis. This is well enough as an attitude of leadership, but it is not so simple in the mechanics of legislative control. To whom is the President to turn when he wants a measure managed through Congress? His “majority” leaders may well be without power, or severely handicapped. Who will control the patronage appointments? The Republicans, or the Republicans and the Democrats sharing? This is bitter medicine for a party which has been twenty years in the wilderness, without manna.

The President has announced he will remove himself from party politics to the extent of taking no part in Congressional elections. The Administration record, he says, is an umbrella under which any Republican candidates can run. But under the pressures of practical politics, Mr. Eisenhower will probably be forced to support Republican candidates in one way or another. This will increase his problems with the Congressional Democrats. Sooner or later, they will demand their price in patronage and in Administration consideration.

The road of the non-partisan President is not easy. And yet, when successfully followed, it can be a road of transcendent leadership. President Eisenhower remains very strong and popular personally. The country generally continues to like him and respect his efforts. There is much more respect for him than for the Congress, with its tangled and conflicting leadership. But the Congress is a coordinate branch of the government, and the President imperatively must have its cooperation.

On the whole, therefore, a very difficult and delicate political period stretches ahead for the United States, marked by an intensively busy legislative session next year and elections in November that may change the complexion of Congress altogether. It is quite evident that the swing of the pendulum toward the right has been retarded already. It is now—as far as the President is concerned, particularly—standing nearly at dead center. This appears to be about what the people want.

United States of America

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NEW PARTIES IN SOUTH AFRICA

THE LIBERAL SCHISM

The following article is contributed by a distinguished writer who has become resident in South Africa since the war, and has been invited by the Editor, in consultation with his colleagues in the Union, to comment on the new parties and their prospects from the point of view of a comparative new-comer to the country. It has been read and discussed by members of the Round Table Group in the Union, who individually and collectively dissent in important particulars from the author's political judgments, from his interpretation of Nationalist sentiment, and from his estimate of the prospects of the opposition parties, old and new. The Editor, therefore, while thinking that readers will find the article an interesting expression of an individual view, must make it clear that the opinions it contains are emphatically not those of THE ROUND TABLE.

WHEN Dr. Malan's Nationalist Party won the April 1953 election with a decisive majority of seats, the United Democratic Front—composed of the Labour and United Parties and the Torch Commando—quickly began to disunite. The Labour Party is a small cohesive body with four seats in the Assembly, one in the Senate and a fairly liberal racial policy. But its ability to win any of its present seats, except under an electoral pact which the United Party (UP) has now denounced, is very doubtful. The UP is a generally conservative party in which near-Nationalists and semi-Liberals had been held together by Smuts's political acumen and humane, though not notably progressive, interpretation of South Africa's "traditional middle way". However, under the impact of the Nationalists' reactionary racialism and the death of its own great leader in 1950, the UP began to move steadily to the right in an effort to woo "floating" Afrikaner voters. This process gathered such force during the months before the election that the UP eventually stood upon a racial policy certainly not distinguishable from the Nationalists' in principle and often hardly different in degree. Such opportunism could only be justified, if at all, by success at the polls. When that was emphatically denied, the party paid the inevitable price of losing a fight already half compromised with the enemy. Within six months it was faced with the defection of the more militant of its progressives and the "rebellion" of those who wanted to identify it even more closely with the Nationalist racial ethos. This article is concerned only with the liberal schism.

It is first necessary to emphasize that liberalism in South Africa has an almost exclusively racial connotation. Judged in the context of the Nationalist doctrine of the *baaskap*,* anyone is a liberal who supports any extension of rights and opportunities to non-Whites in the common society. Racialism, however, has two aspects. It is sometimes used, correctly, to describe policies opposed to liberal ideas, i.e. policies that discriminate on the grounds of race or colour alone; more often, in South Africa, it refers to the historical divisions

* Permanent, inflexible White political and economic domination over the Union's four-fifths non-White majority.

between the English-speaking and the bulk of the Afrikaans-speaking sections of the White population. The two new parties that emerged shortly after the election differ greatly in the emphasis of their reaction to the two types of racialism practised by the Nationalists.

The Union Federal Party (UFP) grew largely from the Torch Commando in Natal, where the White population is predominantly of British descent, as emotionally loyal to the British Crown and connexion as any Nationalist to his republican, separatist ideals. Hence Natalians rallied enthusiastically to the Commando in 1951 as a more militant and vocal opponent of Afrikaner republicanism* than the UP appeared to be. When in 1952, after the Appeal Court had declared Dr. Malan's Separate Representation of Voters Act invalid, the Nationalists set about creating a purported High Court of Parliament to overrule the Appeal Court and there was wild talk among Government supporters of "a second South African War for Freedom to end the enslavement of South Africa to the legislation of a superior British Parliament", the Natal branches of the Torch Commando evolved what became known as the "Natal stand". This recalled that the Union's Constitution—the South Africa Act of 1909—was the result of a compact between all four provinces and contained certain express guarantees as regards languages and voting rights which could be amended only by a two-thirds majority. This the Nationalists did not, and still do not, command. It was argued in Natal (more explicitly since the election than before) that, if the Government broke this contract by legislating in defiance of the Constitution, the provinces would cease to be bound by the Union compact and Natal, reverting to independence or its pre-Union colonial status, would choose to secede. The sponsors of this argument hoped that the mere threat of breaking up the Union would recall the Government to its senses and to constitutional procedures. In fact, this episode had virtually no effect on the Nationalists, who returned—temporarily, at least—to constitutional methods for quite other reasons. But it caused wide misgivings among Torch followers in other provinces and within the UP; for both of these would be submerged in a considerable Nationalist majority if Natal were ever in a position to enforce its threat. So when the UP, as far the largest constituent of the United Front, came to draw up the Opposition's election strategy, the Torch Commando—for all its dynamic, if ill-defined, idealism—was unable or unwilling to liberalize the Opposition's platform, as it might have done if it could have spoken with one voice. The result was the suppression of all progressive voices and an agreement by the "Natal standers" not to rock the boat until after the election.

As the excitement of these parochial matters in Natal merged into the election struggle, the Natal men faced and tried to meet two serious criticisms of their "stand" which had gone almost unnoticed in the initial enthusiasm. They began to realize that a party which merely sought to relieve the Natal English from the inconvenience of being ruled by Afrikaners† might not

* A South African commentator thinks it should also be noted that White hostility to Indians in Natal is even stronger than to Afrikaner republicanism.—*Editor*.

† This charge is not quite fair, because members of the UFP are sincerely convinced—

receive much sympathy and support from overseas, where English sectional racialism would look little better than its Afrikaner counterpart. Secondly, they had to appear less obviously inclined just to leave non-Nationalists in other provinces to their fate. Thus when the UFP came into overt existence on May 10, 1953, it dressed the "Natal stand" up in an altogether more sophisticated look.

Principles of the Union Federal Party

IN its principles, as amended by its Natal provincial convention in August, the party (i) "seeks to provide a Constitution-structure and a way of life acceptable to neighbouring states" on the basis of a federal union—a long-term appeal to federate parts of the Union with the Protectorates, the Rhodesias and C.A.F. and, perhaps, Portuguese and Belgian territories as well; (ii) "to reshape within the Act of Union the present quasi-unitary system to one of federal union, giving far greater autonomy to the provinces" (here the "Natal stand" is modified from secession to decentralization, offering non-Nationalists a home and the implied sanction that Nationalists remaining in Natal would be a sort of hostage for the good treatment of non-Nationalists in the rest of the country); and (iii) to give each province the right to remain a part of the Commonwealth if the present Union Constitution is abrogated in any of the senses envisaged by the Nationalists during the last three years.

The first of these clauses or "principles" is so far from the possibility of fruitful action that it can only be construed as an expression of vague but amiable good intentions, or as an equally vague reassurance to those who doubt that Natal could ever afford economically to secede. Not being an economist, the present writer hesitates to dogmatize on this latter point but at present would side with the doubters. As to reshaping our quasi-unitary system, the party's whole case is founded on the assumption that the Nationalists are invincible for the foreseeable future on the basis of the present all-White electorate and that, therefore, the best that can be done immediately is to stake out a small territorial position of power in Natal from which to argue with them. But provincial councils today have very limited powers; a truculent and unco-operative Natal could be only a minor irritation to the Union Government, which holds most of the trumps if it came to a real showdown. It is difficult to see, therefore, how the Nationalists, having the whole cake within their grasp, can be persuaded to yield further powers to the provincial governments, unless unconstitutional methods of agitation are envisaged. Not only is there no sign of these or of any willingness by Natalians to face the personal and corporate consequences of such action, but the party would by their use place itself on a par with those who are already seeking to get round or replace the present Constitution. And this would cut the ground from under the third clause of the modified "Natal stand"—the right to secede if the Constitution is abrogated. Lawyers are divided as to whether this right exists and how it could be exercised. But not without justification—that a Nationalist republic would be semi-totalitarian, prepared to impose a long-outdated patriarchal racial ethic and a narrow Calvinist bigotry.

whatever substance there may be in the right claimed, it absolutely depends on the central government's being the first to take unconstitutional action, thereby voiding the Union compact and (so it is argued) returning the provinces to the *status quo ante*. If, therefore, the Nationalists stick within the letter of the existing Constitution in their various electoral manipulations and even in declaring a republic,* the provinces are likely to lose rather than gain powers;† and the Federal Party will be unable to do anything about it except by directly challenging that very constitution which it was founded to maintain and amend. The chances now are that the Nationalists may not need to go beyond the letter of the Constitution, both because time is so clearly on their side within the limits of the White population and because the disintegration of the UP may give them their two-thirds majority within a few years, if not within a few months. Further, apart from all the economic implications both of decentralization and of secession, there is one more impracticality. Federalists cite the precedent of India and Pakistan. If that were adopted, the Nationalists would certainly claim the three northern districts of Natal, whose White population is predominantly Afrikaans-speaking and which return two Nationalist M.P.s to Parliament. Natal might counterclaim certain contiguous areas in the Eastern Cape whose White population, though largely English-speaking, might or might not want to throw in its lot with Natal. But the disastrous possibilities of this sort of Balkanization with its various *irredente* is sufficient to damn the whole Federal project in the eyes of many sincere anti-Nationalists. And, moreover, the non-White population of Natal and adjacent areas—so far as it is politically articulate—is wholly indifferent to the UFP's plan.

For the party's racial policy, surprising as it is, coming from notoriously illiberal Natal, has failed to excite even the adverse criticism with which non-Whites have greeted the Liberal Party. It has just been ignored completely. The reasons are not merely that the party confines its membership to Whites and has doubtful chances of gaining much power—the Liberals have even worse immediate prospects; but the non-Whites' near certainty that the UFP does not mean real business racially on colour questions. The party declares its belief in a progressive rather than a repressive racial policy. It pledges itself to improve non-White living standards, education and economic opportunities. In Natal (and by implication in the Union if it ever achieved power on an all-Union basis) it offers "*limited group representation to Indians and Africans*" and, "*subject always to due safeguards against disproportionate representation of any one section of the non-European population,‡ the ultimate placing on the common electoral roll of those non-Europeans who have passed suitable tests of a high standard*"—this being a "*long-term policy to be taken in steps over a considerable period of years*". Africans who have obtained

* Senator Heaton Nicholls denies that a republic can ever be legally proclaimed within the terms of the existing constitution, but it is doubtful if the courts would uphold so rigid an interpretation.

† The process of increasing centralization of authority, though not peculiar to the Union, is certainly part of the Nationalists' authoritarian administrative ethic.

‡ This is aimed at the Indians.

"a high degree of civilization" are also offered exemption from the many restrictions on personal liberty known in the aggregate as the Pass Laws; and non-Europeans will receive "*group representation* in urban areas" on local bodies and "sympathetic though strict administration of their affairs [whom is this phrase meant to comfort?] with *due* provision for housing amenities, health, etc."

The words and phrases here italicized which could only be addressed to a White audience, explain the complete lack of non-White interest in the UFP. To any non-White, with all his experience of White reluctance to concede the smallest substance of power (and Indian rights have been steadily diminished in Natal these last sixty years), they spell endless procrastination, evasion of promises and general hedging on a problem already shelved far too long and now explosive in its urgency. A leading Federalist recently told the writer that he had not so far been challenged on his party's non-European policy at any of several (White) meetings. He hoped it was an indication that race prejudice may be breaking down. His hope may be cordially echoed. But it is to be feared that there is here only the reverse of the non-White's apathy to the party—the realization by the Natal White electorate, also, that there is no urgency and possibly no real content in a racial programme so generally and unspecifically worded. Natal contains proportionately much the smallest White population in the Union (11.4 per cent against an all-Union average of 20.8) and much the largest Indian population (12.6 per cent of the provincial population against 2.9 for the Union). It has been well said that "the so-called Indian problem has been the political grave of English-speaking Natal, which has tended to shake Dr. Dönges* by the right hand while waving two Union Jacks in the left". The UFP is prepared to be quite militant with the Union Jack; but non-Whites will require very concrete evidence that it really represents a change of heart on colour questions. And they are not reassured by the party's acceptance of residential and social segregation "on a fair and equitable basis to be obtained *wherever possible* (and if not?) on a voluntary basis". Thus if secession ever became likely, the party would almost certainly be opposed by Natal's Africans and Indians, whose main political hope and economic opportunity must be with the indispensability of non-White workers in the great industrial areas outside Natal.†

The overlapping of the UFP with the original membership of the Torch Commando in Natal (and to a lesser extent in the Transvaal) has led to the resignation of the more conservative Torch elements in other provinces, including nearly all its most prominent Afrikaners, who regard the UFP as the English-jingo reaction to Afrikaner sectional patriotism and as a vote of no confidence in the union of the two White races. The Torch Commando is unlikely to revive as a political force.

Since UFP liberalism appears as a somewhat tentative afterthought to the

* The Minister of the Interior who introduced the Group Areas Act in 1950 to enforce residential segregation.

† It should be remembered, however, that under present laws Natal Indians are precluded from crossing the border into other provinces.—*Editor*.

party's militant stand against a Nationalist-dominated republic, it may well become an early casualty in the quest for White votes in Natal. The second new party, however, has been expressly founded to oppose *all* forms of discrimination on the grounds of race or colour alone. It accepts (which the UFP questions) that the Union is now territorially and economically one; it accepts (which the Nationalists profess to disbelieve) that the various races are economically integrated and interdependent; and it tries to draw the inevitable political, social and moral conclusions from these facts—a task which the UP, though accepting the first two propositions, has studiously avoided.

The Liberal Party

THE Liberal Party came into existence, also on May 10, to give political expression to the old Cape tradition of a common society offering equal rights to all civilized men and equal opportunities for all to become civilized, a tradition which has had no distinctive home since Union and whose precarious survival on the fringe of the UP was jeopardized by that party's steady retreat into reaction. Since the Liberal Party consists only of small groups in the larger cities without finance, organization or any immediate prospects of practical political significance, many liberal-minded people remained within their old UP allegiance, hoping to win that party back to some semblance of its old slightly progressive tradition at the expense of a compromise with their consciences. The Liberal Party, therefore, consists of the most sincere and outspoken, but not necessarily the most experienced or even most numerous, group of liberal Whites.*

The party has taken its stand on four principles: (i) "the essential dignity of every human being and the maintenance of his fundamental rights" (this phrasing is far too placid to attract those who are steadily being deprived of their few remaining rights); (ii) equality of opportunity; (iii) the rule of law; (iv) the abolition of discrimination on grounds of race, colour or creed and the extension of the common-roll franchise to all persons who have passed Standard VI,† earn an income of £250 or own property worth £500, and to certain other persons who have established their capacity for civic responsibility. The party affirms its opposition to totalitarianism of the Left or Right and intends to proceed by "constitutional and democratic means only". At its first national convention in July and at a meeting of its national committee in August the party has declared its explicit opposition to (a) the industrial colour bar which largely reserves skilled employment for Whites; to (b) the Pass Laws under which over 100,000 Africans are jailed annually for "statutory offences"; to (c) the penal provisions of the Master and Servant Laws which bring Africans under the criminal law for breach of civil contracts; to (d) the Group Areas Act with its compulsory residential clauses, its intention to ruin the Indian commercial classes and its immediate threat to expel some 60,000 Africans and 20,000 Indians and Coloureds from certain western suburbs of Johannesburg now required for White residence and industry; to two new

* Hereafter Liberal refers to party members or attributes as distinct from liberal people generally.

† i.e. 8-10 years' schooling.

Acts designed (e) to legalize the provision of separate and unequal public facilities and amenities for White and Black and (f) to bring all African education under control of the Ministry of Native Affairs in order to ensure it is "in keeping with the traditions and customs of the Natives and their future rôle in a White-dominated economy"; to (g) the Government's Suppression of Communism Act, which is being used to proscribe White trade unionists and African and Indian leaders (whether Communist or not) who oppose the Government's racial ideology; to (h) the extremely severe Acts passed in February to suppress all non-European passive resistance by giving the Government virtually dictatorial powers "in an emergency".

The pattern of Liberal policy is, therefore, to sweep away a lot of archaic laws (a)-(c) which no longer effectively fulfil the purposes for which they were introduced but do most successfully exacerbate relations between non-Whites, the police and the law; to reverse the present Government's efforts (d)-(e) to give precise and permanent legal sanction to social attitudes that were earlier customary and conventional; to throw out all legislation (f)-(h) intended to provide the Whites with a legal basis for perpetual racial domination; and to replace it with the progressive admission of non-Whites to a voice in their government, control of their economic status through trade unions, choice of where they may live, work and own property, together with the common compulsion to send their children to school.* The party realizes that this policy has little immediate appeal to the White electorate; but it hopes to "raise a banner to which the wise and honest may repair" from both sides of the colour bar (party membership is open to all races) when they realize the disaster for which the conflict of White and Black nationalisms, implacably opposed, is at present preparing. It sees as its two main objectives the education of White opinion and the creation of a bridge between White and non-White. Even if it fails to win any large number of seats, it hopes by the challenge of its views to liberalize opinion in the established political parties and to prove to non-Whites that the hand of every White man is not against them. Where the UFP hopes to grab a few seats now, the Liberals know that they must grow up in the wilderness.

The Odds against Liberalism

IT must be admitted that, since its membership is scattered thinly, the Liberal Party can hope to win few parliamentary or provincial seats, even if it later allies with Labour (as is possible). On the other hand, to one observer at least, the Liberals represent the only line of approach by which South Africa might one day become a country deserving the love and loyalty of all its peoples. But the reality has to be faced that their chances of converting their fellow White citizens, before non-White opinion has irrevocably hardened, appears remote. This is not to condemn their stand. If disaster has to come, it may still be mitigated and bitterness slightly diminished if the

* At present education is compulsory only for Whites and in the Cape Province for Coloureds also. Facilities exist only in the elementary grades to educate about 60 per cent of the Indians and 40 per cent of the Africans. Higher education opportunities for non-Whites are very limited.

small voice of White conscience is heard appealing to the moral values of Christianity and Western civilization. And no one can say that a right cause, valiantly pursued, may not eventually triumph over apparently insuperable odds. Equally no one can say with certainty that, even if the Liberal solution were fully applied today, the non-White majority would vote as individuals and not as units of racial *bloes*. Every year that the test is postponed increases the latter likelihood, which is the basis of all White intransigence.

It is this fear that leads those in closest contact with non-White political opinion to wonder if, even so early in its career, the Liberal Party has not already missed the boat.* When its principles were first announced, the chorus of disapproval from certain non-White leaders testified both to their personal radicalism, which is well known, and to the interest they thought the party might arouse among non-Whites. The leadership of the African and Indian Congresses,† which conducted the passive resistance campaign last year, is disputed between an energetic Marxist minority and a less cohesive liberal element. Though the former has the advantages of incisive minds with a clear-cut dogmatism, the latter has so far miraculously prevailed. Even so, it stands for a time-span much shorter and more urgent than the Liberal Party foresees. Its slogan is universal suffrage now. And it will not feel able to depart from this position, lest it lose ground to more extreme radicalism, at least until a liberal-minded government is in sight, able to offer immediate practical compensation for compromise on enfranchisement by stages. Thus the Liberal qualified franchise, offered apparently as a goal (and a "principle") and not as the first step on the declared road to equality of human status (which would require adult suffrage and universal compulsory education), only serves to emphasize the gulf between the most enlightened White and moderate non-White political opinion. Secondly, Liberal dedication to "constitutional and democratic means only" seems, in the South African context where much non-White democratic activity is not merely unconstitutional but now actually illegal, to imply that the Liberals frown upon activities like passive resistance or the sort of extra-parliamentary agitations that forced the various Reform Bills through in nineteenth-century Britain. The comparatively mild terms in which the party has deprecated the proscription of non-White leaders, its failure to recognize the Congresses as *the* representative organizations of non-White political opinion and to declare its determination to co-operate cordially with them without competing for their membership, have possibly cost the Liberals their chance of proving that genuine White liberalism will evoke a generous non-White response. The party's reluctance to declare for the full democratic goal or to commit itself to the support of the Congresses is undoubtedly due to its greater preoccupation with enlightened White rather than non-White opinion. But it runs the risk that the non-White organizations may throw in their lot with the apostles of Black nationalism and the class war. The Liberals hope next year to carry the three

* The Editor's private correspondence suggests that his colleagues in South Africa take a less pessimistic view of Liberal prospects.

† These are the largest, but not the only, organizations of politically articulate non-Whites.

Cape African seats and the four elected senatorships representing Africans. But already one of their candidates, who dissociated himself from last year's Defiance Campaign, has realized that he will not hold his Senate seat against Patrick Duncan who participated in the campaign. It is possible that the "Congress of Democrats", a Marxist-dominated White organization in open sympathy with the Congresses, may put up candidates for the other seats who, with Congress support, might conceivably defeat even Liberal candidates who have long represented their African constituents.

The significance of these possibilities and of the successive election of two White Communists for the Western Cape African constituency is not that Africans and Indians have already gone communist (though that might occur), but that the political consciousness of a small educated minority is so far developed that they will accept nothing less than the goal of full equality of status which only the Communists have so far professed to offer them. Anything that smacks of concession or patronage, as does much of the UFP programme, is anathema. They want their full rights as men—the rights that UNO has talked about and many colonial territories are visibly gaining. This is the Liberal opportunity which so far the party has just failed to grasp—to stand *with* not *for* non-White South Africans.

Race prejudice will only break down in South Africa when much larger numbers of non-Whites attain living and cultural standards approximating to the Whites. But in turn these will only be achieved when non-Whites accede to an effective share of political power, compelling politicians to listen to their aspirations and provide a fair share of the public purse. Hence, politics have come to dominate what is essentially a sociological problem. The Liberals, alone of South African parties, openly recognize this. Their problem now is to convert their fellow-Whites to this intellectual understanding (and a realization of the probable consequences of failure for the one-fifth White minority), while at the same time providing a policy that is emotionally satisfying to non-Whites. The present incompatibility of these objectives is the measure of South Africa's predicament and of the intractable character of its race relations.

THE CORONATION AND THE COMMONWEALTH. IV

SOME OVERSEA OPINIONS

THE argument for giving an enlarged share in future coronations to the oversea nations of the Commonwealth, which was advanced in previous issues of this review,* has led to considerable discussion. In the main such public comment in the United Kingdom as has come to the Editor's notice has been favourable. THE ROUND TABLE itself is particularly interested in the view taken in the oversea countries of the Commonwealth, and the Editor has accordingly invited his colleagues in these countries to send him their comments for publication. The invitation was not sent to India, Pakistan or Ceylon, not because these nations are unconcerned with the Coronation, but because THE ROUND TABLE is accustomed to rely for news of them upon individual correspondents who are observers of affairs rather than representative of public opinion. In Canada, Australia, New Zealand and South Africa the Round Table Groups are drawn from participants in the public life of the countries concerned; and it is these whose opinions are set forth below.

The proposals advanced in the previous articles may be very briefly recapitulated as follows:

1. That the essential religious rite should be left untouched.
2. That Anglican Metropolitans from overseas should be made honorary members of the Chapter of Westminster Abbey, and thus become actual participants in the rite.
3. That the secular ceremony of Enthronement in Westminster Hall, which until 1821 preceded the religious rite, should be revived, together with the public Procession of the Regalia to the Abbey.
4. That the Lords Temporal of England, who perform this act of Enthronement, should in consideration of recovering this honour surrender the majority of their places in the Abbey in immediate proximity to the Throne, and that these places should be given to representatives of other nations of the Commonwealth, both sovereign and dependent.
5. That such Great Offices of State, and other dignities carrying the right of close attendance on the Sovereign in the Abbey, as require nomination for the day, should be distributed among the greater nations of the Commonwealth.
6. That the swearing of fealty by the bishops and of homage by the peers should cease to be performed in the Abbey, and be transferred to West-

* See "The Coronation and the Commonwealth", THE ROUND TABLE, No. 168, September 1952, "The Coronation and the Commonwealth. II", THE ROUND TABLE, No. 169, December 1952, and "The Coronation and the Commonwealth. III", THE ROUND TABLE, No. 172, September 1953.

minster Hall after the service; where it should be followed by a corresponding ceremony in which the other nations of the Commonwealth, each in its own form and in its own language, should declare its loyalty through its representatives.

7. That the most eminent personages of all nations of the Commonwealth should be appointed to some new association of honour, having a status analogous to that of the Privy Council in the United Kingdom but without its political connotation; and that the members of this body should have the first right to be close to the Sovereign at the Coronation.

Canada

THE members of the Round Table Group in South Africa were geographically scattered when asked to comment, and were unable to meet and reach a collective view. Their convening officer writes to express his personal agreement with the argument of the articles.

Some remarks on kindred questions by the Canadian Group were published in the last number of THE ROUND TABLE. The Group has further discussed the three articles on the Coronation and the Commonwealth, and their collective view on them expressed in a private letter to the Editor, who does not think he would serve any useful purpose by attempting to alter its colloquial form:

First, let me say that we were all very much interested in your proposals, and would like to be able to give them our blessing. However, we have misgivings.

Take your suggestion that the English bishops should have added to their number Anglican bishops from some of the other Commonwealth countries, we are afraid that if some Canadian Anglican bishop were named to take part in the Coronation Ceremony, there would be ructions in this country—in other words, growls and howls from Catholics, Presbyterians, United Churchmen and Baptists, who would all be likely to say: "Why should the Anglican Church in Canada be singled out for recognition as though it had some title to be regarded as a National Church?" This may be small, but there it is, or at least we think it is!

Further, in connexion with the religious part of the ceremony we are afraid that our Catholic fellow-countrymen (who number 43 per cent of the population and who I can assure you are nothing like so tolerant as the Catholic community in the U.K.) might have something to say about the fact that the Sovereign is required to promise to uphold the Protestant faith. In this connexion, you might be interested to know that at the time of the King's death, the service arranged by the Federal Government was widely criticized as not having been a religious service in the true sense at all, and I understand that Mr. St. Laurent said privately that it was the best that could be arranged, having regard to all the denominational jealousies and pettiness.

Turning to the secular part of the ceremony, I think we all like very much your proposal to revive the former use of Westminster Hall for the proceedings both before and after the ritual in the Abbey. We also liked your proposal that "the enthroned Sovereign should be surrounded by representatives

of all the Realms whose internal cohesion and collective unity he typifies". On the question how such representatives should be chosen, we have no definite opinion to express, but we think you are right in keeping away from any such name for the new body as "Commonwealth Privy Council". The creation of such an institution would not, it would seem, involve any difficulty because of the fact that republics as well as monarchical states are participating in the appointments to it. What does bother us, however, is the suggestion that the representatives of all the states in the Commonwealth, whether self-governing or not, should pay homage* in Westminster Hall. We take it that India and any other republics in the Commonwealth (of which I suppose there may be one or two more one of these days) would not be prepared to take part in the paying of homage. If that is the case, it strikes us as very embarrassing for some to pay homage and others (including some very important others) not to do so.

I am afraid these are very disjointed notes but they do, I think, convey more or less the point of view expressed at our meeting.

Australia

The Australian Group writes:

The magnificent solemnity of June 2 evoked a great response of loyalty to the Crown and the Sovereign throughout Australia. After so fine a ceremony, there will be many in this country to regret that it is necessary now to ponder the time—far distant, as all hope—when another coronation will have to be prepared. Perhaps there is small wisdom in making precise suggestions for the future. A coronation ceremony devised to give more ample representation to the Commonwealth as it exists in 1953 may be very much outmoded by the time that a new Sovereign is to be crowned. The forms now anchored on tradition may be more acceptable than some new scheme, however ably devised.

Still, the idea of securing the more ample representation of the Commonwealth in the coronation is attractive. The great merit of the suggestions made in THE ROUND TABLE is that they do not conflict with the essence of the traditions on which the ceremony is still, though remotely, founded. Nowhere is this better illustrated than in the proposal to preserve the form of the strictly religious ceremonies of the Coronation, while admitting Commonwealth representation in the circle of persons participating in them. The Oath, Anointing, Investiture and Inthronization, if they are regarded as being predominantly an act of personal dedication by the Sovereign, must remain rites of the Church of England, because the Sovereign is a member of that

* The original proposal was not strictly for the paying of homage. Homage is an individual act, expressive of the personal allegiance essential to the feudal relationship in which it originated. No man can swear to the loyalty of another; nor would a medieval formula be appropriate to these young nations. New forms, expressive of the modern relationship, and adapted to a representative rather than a personal act, would need to be devised; and they must needs vary as between nations having different relations with the Throne. See "The Coronation and the Commonwealth. III", THE ROUND TABLE, No. 172, September 1953, p. 315.—*Editor*.

Church. This is a ground which should be understood by every Commonwealth citizen irrespective of religion. It seems regrettable that the idea of personal dedication has been so little appreciated by those who object to the large role of the primate of Canterbury. The participation of one other Church, the Presbyterian, may be supported because of the special relationship of the Sovereign to that Church. Nevertheless, there are obvious limits to Presbyterian participation. The suggestion that the Anglican Metropolitans from overseas should be invited to assist in the ceremonies is good, because it combines recognition of the Commonwealth with the preservation of an essential part of the ceremony. Similarly, it is well proposed that some of the Great Offices of the Realm should be bestowed on citizens of the Commonwealth other than English peers.

The secular ceremonies are mostly susceptible to change without doing violence to their traditional content. These changes might correct the anomaly by which the great political figures of the United Kingdom, the Prime Minister himself included, were just as much under-represented in 1953 as were the leaders of the Commonwealth countries. The proposals which would free space in the Abbey so that the representatives of the peoples of all the Commonwealth countries might be placed nearer the throne are welcome. Every suggestion that has been made in THE ROUND TABLE with respect to the ceremonies in Westminster Hall would lead to the sort of increased Commonwealth participation which would both safeguard tradition and appeal to the peoples of the Commonwealth. Most valuable of all would be the ceremony in which the Sovereign would receive a declaration of loyalty from the representative of every state and colony in the Commonwealth. And the Imperial State Crown* should certainly be renamed the Crown of the Commonwealth, an alteration which might even be thought to be essential in view of the changed character of the Commonwealth since 1948.

It would not be beyond the wit of man to devise an entirely new coronation ceremony, in which the rôle of England (and of the United Kingdom) would be reduced to no more than that of any other important part of the Commonwealth. In every Commonwealth country there will be some to whom it seems less important to preserve, so far as can be, the traditional ceremonies than it is to fit the coronation ceremony precisely to the political and constitutional circumstances of the time. It is believed that the majority of Australians would lament any attempt to fashion a new ceremony in which the traditional form was not regarded as basic. The right course is that of evolution and adjustment, matching the development of the Commonwealth

* A learned critic remarks that the epithet "imperial" here has nothing to do with the modern British Empire, but relates to the medieval claim that the Kingdom of England was as fully sovereign as the *Imperium Romanum* itself; and that "State" relates not to the apparatus of government but to the royal "estate" of the wearer. The Editor accepts both contentions, with the reservation that the second implies a distinction somewhat foreign to early medieval thought. The conclusion is that the Imperial State Crown is historically the personal rather than the official head-dress of the Sovereign. This also may be accepted without necessarily invalidating the argument for giving to this Crown—or to another of the several in the Regalia—a sense related to the modern Commonwealth.

itself, in which Britain has changed her position from that of seat of empire to that of centre of the Commonwealth of Nations.

New Zealand

The following opinion comes with the collective authority of the New Zealand Group:

The intransigence of the old-style imperialist dies very hard. There are still those among us who, consciously or unconsciously resenting the change in the status of India, rebellious about the Statute of Westminster and its adoption by the various British nations, or perhaps fearful that changes in the Royal style may result in some loss of prestige either at home or abroad, refrain with some ostentation from speaking of the British Commonwealth. They prefer the former, and now incomplete description, the British Empire.

This nostalgic attitude implies a lack of understanding of what has happened in the British family of nations, and of the policy of bringing territories by stages to independent maturity. It denies the fact that the world has some cause for congratulation that some members of the British family now stand upon their own feet and make decisions which they are now capable of making for themselves. It completely ignores the fact that the style which His late Majesty King George VI made use of, the Commonwealth and Empire, implies not fewer but greater glories in the British diadem, that it is a proud and resounding title. The Commonwealth and Empire may look forward to a future which was denied to us when the great nations which form the adult members of the British family were still politically immature.

It is, of course, of paramount importance that what one of the articles on the Coronation and the Commonwealth so well describes as "the mystical values of the monarchy" should remain the centre and essence of the coronation ceremony, but the views which have been so temperately but cogently expressed do command attention and might well receive consideration for the future. It is, in a sense, almost belittling the importance of the farther-flung British nations if their desire to participate appropriately is not recognized. The ancient glories of the British Crown are not likely to be overlooked on such an occasion, and in a sense all British countries share them: there is, none the less, no reason to hide the radiance of other gems in the diadem. The ceremony is ancient: it should not be incomplete nor anachronistic.

Individual coronations, it has been well suggested, would emphasize division where the emphasis should be upon association: a more fitting implication of the independent nations outside the United Kingdom, even at the expense of those things which it has been shown might be amended, would be a more appropriate solution. Westminster Hall might well be restored to something like its former place in the ceremony: it is doubtful even whether a covered way would be necessary. A spacious canopy, rigidly framed and emblazoned with the arms of the various Commonwealth nations would afford protection and provide a colourful recognition. Acts of homage on the part of the Commonwealth representatives should be an important and valuable part of the ceremonial. There should be much conservatism, some restoration: but there should no less be a full and appropriate recogni-

tion that the British monarch reigns over a family of nations, some adult, others at various stages of maturity, some even in tutelage: that all the Sovereign's peoples desire the opportunity to make expressions of loyalty and acts of homage which only they or their representatives are entitled to do. In the case of the self-governing nations, those representatives can appropriately only be citizens commissioned by the states they represent.

To the above one member of the Group, speaking for himself and two colleagues who hold university appointments, appends the following notes:

1. I doubt that any one in New Zealand is very much concerned with details of the Coronation ceremony; but we generally approve of the existing ceremony, its spectacular character, &c.; and we like our representatives (civil and military) to be present.
2. *Other things being equal* we would welcome changes which might increase Dominion participation and more accurately represent the realities of the present-day Commonwealth.
3. We would much regret any change, however desirable from *our* point of view, which might cause embarrassment to others—e.g. India or South Africa.
4. We would read with interest—but some detachment—any further discussion in THE ROUND TABLE. We do not feel that arguments as to historical background, &c., have much reality for us; though we admit that, in the traditional fashion of British politics, they may serve as useful cover for change.
5. New Zealand is concerned with the “realities” of Dominion status rather than the forms. We want to be actively *consulted* (not merely informed): we want our views to be considered on matters of concern to the Commonwealth, i.e. foreign policy as well as economic matters; and we are prepared to be firm or even rude if this seems necessary to force consideration. But traditionally and actually we do not raise issues of principle so much as actual cases where we feel strongly. We are not “ceremonially” minded.

A Dissenting View

IT would not be fair to close this series of articles without some indication of the main grounds on which the proposals they contain have been opposed. By far the most important of the objections are those which have been raised in private correspondence with the Editor by the Archbishop of Canterbury. The following extract from a letter written in August, on the basis of an advance proof of the article which appeared in the September issue of THE ROUND TABLE as “The Coronation and the Commonwealth III”, is now printed by His Grace’s kind permission. The passage quoted follows upon some comments on details of secondary importance:

“4. I would make one practical comment on the whole of your proposal. The proceedings in the Abbey take from 11 till 2 or thereabouts: they would be

shortened very little by removing the Homage. But on to that long service you propose to add a preliminary ceremony in Westminster Hall which would certainly take some considerable time; a procession from the Hall to the West Door of the Abbey which would also take time; then after the Coronation a procession back to Westminster Hall; and there a ceremony of Homage not only by temporal and spiritual peers but by representatives of the Commonwealth, both the Dominions and the dependencies. That would, quite obviously, mean that the Sovereign would have to leave the Palace* very early, perhaps at 9.15 or 9.30 and the ceremonies would not be ended until, say, 3 o'clock or later: and then there comes the long drive back to Buckingham Palace. In effect, therefore, the Sovereign would be occupied with hardly an interval from 10 o'clock in the morning until perhaps 5 or 6 o'clock in the evening: and I should have thought that that was demanding much more of the Sovereign than one has any right to demand.

"5. I now come to the most serious comment I have. I do not for a moment question the fact that there is a strong argument for trying to modernize in some sense the Homage or to make a fair representation of the Commonwealth. But as I read your proposals I think that in addition to the time factor there is also a serious danger. On your showing there will be the Abbey ceremony, and then afterwards in the Westminster Hall a new ceremony at which would be expressed the unity, loyalty and high purpose of the Commonwealth by the doing of homage and so forth: it would be a non-religious ceremony with all the panoply of secular power and secular unity. To it could come with clear consciences Mohammedans and Hindus and, I may add, Roman Catholic dignitaries who are not able to attend the Coronation in the Abbey. Bearing in mind the whole tendency of the modern age, which is always to transfer significance from the religious to the secular, and to exaggerate the secular and to minimize the religious, almost certainly there would be a transference of interest from the Coronation in the Abbey to the Commonwealth act in Westminster Hall. And that would more and more be put forward as the one rallying point to which all people of the Commonwealth could come without any religious or other differences. At the present time the Coronation is all, and brings together the spiritual and the secular significance in one religious act. Once you get a bi-focal view of the Coronation between the Abbey and Westminster Hall then, for myself, I feel certain that the tendency will be to add on to and to magnify the Westminster Hall part of the ceremony and little by little to transfer the interest away from the Coronation in the Abbey itself. I think this is a very real and a very practical objection.

"6. I would therefore maintain that it is essential to keep the ceremony in the Abbey alone and there to keep everything subordinated to the religious service. Whether while doing that you can introduce some Commonwealth element I really do not know. The chief difficulty is, of course, that the elements of the Commonwealth are so diverse that it is not easy to formulate any ceremony in which they would all share even if, as you suggest, they are allowed to choose their own words. I am not sure myself that the simplest thing is not to keep the Homage as it is and to add on to it a very simple ceremony in which the Speakers of the Parliaments of the Commonwealth come and do their duty to Her Majesty.

* If ancient custom were followed, this Progress would be made the day before the Coronation. The Sovereign would spend the night in the Palace of Westminster (perhaps in the Speaker's house) and in the morning would be formally called by the Lord Great Chamberlain and brought down to the Great Hall for the secular Enthronement.—*Editor*.

64 CORONATION AND THE COMMONWEALTH. IV

The Speakers are noncontroversial figures; they stand for the permanence of Parliamentary institutions, law and government. And I think a very simple ceremony by which they expressed their duty to the Queen as embodying the principles of law and order and freedom throughout the Commonwealth would be perhaps the best thing one could hope for.

"I venture to submit these stray reflections on your article for what they are worth."

The letter from which the foregoing paragraphs are quoted did not end the correspondence, and the Editor, while acknowledging the weight of the Archbishop's reasoning, offered some further considerations in support of THE ROUND TABLE's argument. On the printed page, however, he feels that the Primate of All England, occupying the see to which the right and duty of consecrating the Sovereign is attached by the privilege of eleven centuries, is entitled to the last word.

UNITED KINGDOM

CHURCHILL AND EDEN

THE position of the Government has been immeasurably strengthened by the remarkable recovery of its two distinguished invalids. But it is still far too early to forecast with any certainty how much longer Sir Winston Churchill will be able to sustain the onerous burden of the premiership, or whether Mr. Eden's constitution is even now sufficiently robust to enable him to cope with the unceasing responsibilities of the Foreign Office. Every effort is being made to spare both men all unnecessary strain. The Prime Minister's principal secretaries have devised an ingenious routine which ensures, so far as possible, that his working day never exceeds a given number of hours. The Foreign Secretary is now supported by two Ministers of State—Mr. Selwyn-Lloyd and the Marquess of Reading—and two Parliamentary Under-Secretaries—Mr. Nutting and Mr. Dodds-Parker. These arrangements should mean that Mr. Eden will have to leave the United Kingdom only under the most exceptional circumstances, when his personal presence is absolutely indispensable. Incidentally the appointment of Mr. Dodds-Parker, who has travelled widely both in the Commonwealth and Empire and in the U.S.A., and who has performed most able work as Chairman of the Imperial Affairs Committee of the Conservative Parliamentary Party, will be widely welcomed by his many friends both at home and overseas.

It would be idle to deny that Mr. Eden's appearance still bears the marks of his severe illness, and it is particularly unfortunate that he should have had to bear the brunt of the Trieste crisis immediately upon his return—all the more because he certainly cannot be held responsible for the miscalculations which were made. On the other hand, Mr. Eden's voice, both at Margate and in the House of Commons, has been most encouragingly firm and resonant, while his most recent survey of the world situation—during the debate on the Address—was generally agreed to be among the best and most cogent speeches he has ever made. Mr. Eden still carries very great weight among 'middle' opinion in this country. The ordinary elector, of whatever party (or no party), likes to think of him as a future Prime Minister and feels confidence in his judgment. Medical opinion seems to favour the view that, if he can get through the next six months without a further breakdown, there is no reason why his recovery should not prove permanent. He will, in all probability, have to face stern criticism from a portion of his own party over the agreement with Egypt, but the theory that Mr. Eden always flinches in the face of some unpopularity may very well be disproved in this instance.

Unfortunately it is impossible to feel equally optimistic about the Prime Minister. Sir Winston will be seventy-nine on November 30, and even before his recent severe illness he had begun to look his age. His remarkable speech in the debate on the Address showed that his powers of oratory, his wit, and his profound understanding of British politics are absolutely unimpaired.

But one feels that any additional physical strain, in excess of his normal routine, might prove more than he could bear. When he addressed the mass meeting at the end of the Conservative Conference at Margate the first half-hour was superb; yet by the end of the meeting, when the time came for him to reply to the vote of thanks, he could hardly string his sentences together. Many of Sir Winston's supporters who witnessed that occasion must have wondered how he would stand up to really heavy pressure on the floor of the House. But even if Sir Winston's amazing career—extending well over half a century—is at last drawing towards its close, nothing could be more magnificent than his determination to crown his life's work by helping to establish the foundations of "a sure and lasting peace". Whatever the consequences for his health of the forthcoming conference at Bermuda, he is determined to see it through. Seldom in the House of Commons has he bared his soul more completely than in the concluding words of his speech on the Address:

There is no doubt that if the human race are to have their dearest wish and be free from the dread of mass destruction, they could have, as an alternative, what many of them might prefer, namely, the swiftest expansion of material well-being that has ever been within their reach, or even within their dreams.

By material well-being, I mean not only abundance, but a degree of leisure for the masses such as has never before been possible in our mortal struggle for life. These majestic possibilities ought to gleam, and be made to gleam, before the eyes of the toilers in every land, and they ought to inspire the actions of all who bear responsibility for their guidance. We, and all nations, stand, at this hour in human history, before the portals of supreme catastrophe and of measureless reward. My faith is that in God's mercy we shall choose aright.

Two Margate Conferences

BOTH the main political parties elected to meet at Margate for their annual conference this year. The Labour Party conference proved in general very much less dramatic than last year's conference at Morecambe, although the sparks flew when the ebullient Mr. Tom O'Brien—last year's President of the Trades Union Congress, and now Vice-Chairman of the T.U.C. General Council—suggested in a press interview that the T.U.C. should divest itself of its present political activities. "I am certain", declared the redoubtable Mr. Arthur Deakin, "that there is no trade union affiliated to the Party who (*sic*) would for one moment consider any disaffiliation or divorcement from this Party." This is undoubtedly true, and it is the complete answer to those Conservatives who still hope somehow to "take the trade unions out of party politics". The strength of the Labour movement in Great Britain lies very largely in the sense of comradeship which has for so long knitted together the T.U.C. and the Labour Party. Indeed, one of the chief reasons why the Bevanite movement has evoked such furious attacks is because the personality of Mr. Bevan himself—quite apart from his policy—has almost destroyed this spirit of comradeship at a critical moment in the party's history.

As is usual at Labour Party conferences, much of the sharpest controversy raged round the question of nationalization. There was unanimous agree-

ment that steel and road transport should be renationalized by the next Labour Government. But beyond this point there was a fairly clear demarcation between those who regarded any further extension of nationalization as an expedient and those who still held firmly to the traditional Socialist ideal of the public ownership of all the means of production, distribution and exchange. Mr. Bevan voiced the feelings of the latter section when he spoke of those "who stifle the idealism of the movement by trying to make it stationary", Mr. Morrison, on the other hand, wished only "to state the circumstances in which, if private industry failed to meet public needs, it would be right and proper for the policy of public ownership to step in". There was a forceful speech by Mr. Anthony Crosland, one of the ablest among the younger Socialist economists, on an amendment to nationalize the whole of the armaments industry. "I represent", he said, "a constituency that is a centre of the aircraft industry. Can I go down there and say: 'Look at this miserable record . . . only two world records in three weeks. Your industry is so incompetent it must be nationalized at once?'" Nevertheless it is a mistake to underrate the strength of "traditionalist" Socialist opinion within the Labour Party. Many still cannot reconcile themselves to the acceptance of a mixed economy as a permanent feature of British society. These include a number of veterans of the movement who deplore the manner in which so many miners and railwaymen, now that they have secured public ownership for themselves, are unwilling to support others who wish to advance along the same road.

Socialism and the Schools

IT is also a mistake to lay too much emphasis on Labour "splits", since there are several major points of policy on which the party is virtually united. In the first place, they are determined to make a most far-reaching change in the present system of secondary education. At present, children are selected for grammar schools and for technical schools, and the rest are sent to secondary modern schools, as the result of an examination which they take at the age (as a rule) of about eleven and a half. The Socialists propose to abandon this procedure and to substitute a system of comprehensive secondary schools for all children between the ages of eleven and eighteen. There is no doubt that they attach a great deal of importance to this proposal; they do not like the selection of a favoured few for grammar-school education at so early an age, and they believe—quite correctly—that a system of comprehensive schools will prove far more fitting for a Socialist society than the present system which is the result of Mr. Butler's Act of 1944. On the other hand, it is equally undeniable that the grammar schools, in particular, have played a large and honourable part in the history of British education, and many of them are extremely old foundations. Very naturally, this proposed change has evoked the strongest opposition in non-Socialist educational circles.

Secondly, the Labour Party is united on the desirability of taking further steps towards a more equal distribution of property. Few delegates at Margate

were quite so forthright as Mr. R. Fletcher of South Worcestershire, who remarked that:

Most of our group want a capital gains tax and a capital levy. We want to hit them with a bludgeon, and then complete the operation with a scalpel.

But even Mr. Gaitskell described an amendment demanding direct taxation of capital as "sensible", and expressed his own preference for increased death duties:

We can carry our policy further by advancing death duties than in any other way, and get a far bigger contribution to the Socialist ideal of society by more death duties than by nationalizing one or two more industries.

One would have thought that these words provided the complete answer to those who speak of the opponents of the Bevanites as the "right wing" of the Labour Party, and claim that Mr. Gaitskell is not really a Socialist at all. It can be regarded as virtually certain that the next Socialist Government, whatever else it does, will certainly impose some new tax on capital, and will indulge in a number of anti-capitalist gestures—such as, in all probability, compulsory dividend limitation. Incidentally it is interesting to read some recent lectures of Professor Pigou in which he expresses the view that the great Victorian economist Alfred Marshall, if he were alive to-day, would not consider that the movement towards a more equal distribution of property had gone far enough. This may well be true, but one cannot help recalling one of Marshall's wisest observations, well quoted by Professor D. H. Robertson in a recent volume of essays:

Progress mainly depends upon the extent to which the strongest, and not merely the highest, forces of human nature can be utilized for the increase of social good.

Marshall may have been more of an egalitarian than has always been realized, but he would certainly have believed that strict limits should be imposed on any policy of penalizing success.

The Conservative Party conference tends always to be less eventful than that of the Labour Party, and this year nothing seemed really to matter in comparison with the speeches of the Prime Minister and Mr. Eden, each of whom was making his first appearance on a public platform since his illness. Mr. Julian Amery evoked loud applause with a fighting speech on the subject of the Suez Canal—"the Clapham Junction of the Commonwealth, and the hinge of our imperial strength". There can be little doubt that, even if an agreement with Egypt can at length be successfully negotiated, it may well prove a more severe test of Conservative unity than any event since the present Government took office. The hard core of irreconcilables, who believe that no further concessions should be made, are greater in numbers than the Government's majority, and they are determined to resist to the uttermost. It would, however, be an exaggeration to claim that the Government are in danger of defeat over this question. This danger would only arise if the Opposition were to move a motion of censure on the Government's policy, couched in such terms that the "rebels" felt bound to afford it their support, and such an eventuality is highly improbable. None the less this

division of opinion must cause the Government some anxiety, especially at a time when the Opposition have shown clear signs that they intend to pursue harassing tactics during the present session.

Great Britain, November 1953.

NORTHERN IRELAND

THE composition of the House of Commons has been barely altered by the general election of October 22, and the Unionist Party holds as firmly as ever the reins of government which it first took up in 1921. Losing two seats and gaining the same number, it musters 38 of the 52 members, leaving the Opposition to consist of 9 Nationalists, an Independent, an Independent Unionist, an Independent Labour, a Socialist Republican and an unofficial Irish Labour member. On the constitutional issue one other member is ranged with the Government, so that in so far as the election was intended to reassert Northern Ireland's allegiance to Great Britain the result was as satisfactory as the Prime Minister, Lord Brookeborough, could have desired.

Yet for the first time the country did not go to the polls exclusively on this basis. The Nationalists' tactics took the form of a "refused front": unlike 1949, when they had the active backing of the parties in the newly declared Irish Republic, they confined their campaigning to the constituencies in which their majority is safe. The Unionist organization was content also to stand on its own ground. In consequence, only one of the six counties had a straight fight on the Partition question, and as many as twenty-five candidates were returned unopposed. The maintenance of the British connexion continued to dominate the Unionist platform, but for the most part the party found itself forced back on a defence of its administrative record by the attack of the Northern Ireland Labour Party and by one of the periodic outbreaks of independence that serve as a reminder that Ulstermen, for all their solidarity, are still a race of individualists. In the event, only one Independent Unionist succeeded in winning a seat from the official party, which replied by evicting another Independent who had been in possession for twenty-two years. In Queen's University, Belfast, the Unionists gained a seat from an Independent to offset a loss in one of the marginal areas of Belfast. This is now held by a dissident member of the Irish Labour Party whose intervention in northern politics has not been attended by any degree of local unity.

What the Unionist Party has now to ponder, rather than losses, is the extent to which the fall in its poll is in excess of the natural reaction from the very high level reached at the last election. More than 75 per cent of the electorate then voted; this time the percentage was nearer 60, and in some cases majorities were measured in hundreds instead of thousands. The opposition parties did not increase their support in the same proportions, else several more seats would have changed hands, and it is evident that many erstwhile Unionists, sooner than vote for any other party, refused to vote at all. Northern Ireland Labour, though it established itself as adhering to the Union, did not advance as it had hoped to do. Not to have secured a re-entry to Parliament under such conditions was a reverse indicating that

Socialism still has a long way to go before it becomes a major force in Ulster politics. The intrusion of Independent Unionists was mostly on personal grounds and of no great significance, save in Clifton, Belfast, where the former Minister of Education, Lt.-Col. S. H. Hall-Thompson, was defeated by a candidate of ultra-Protestant mind who stirred up the embers of the controversy over the 1948 Education Act. This was a measure giving generous treatment to the Roman Catholic minority, and the loss of its sponsor, a courageous and moderate Unionist, is perhaps the most disturbing incident of the election. The Minister of Home Affairs, Mr. W. B. Maginness, was hard pressed by another Independent of pronounced Orange views.

Despite this recrudescence of partisan feeling, there are more normal causes of the decline in the Government's support. It suffered primarily because, after so long addressing a strongly sentimental appeal to electors, it was thwarted by the Nationalist inaction and could not arouse the popular enthusiasm on which it relies. The election, indeed, was for Northern Ireland strangely unimpassioned. Younger voters, in particular, would not be persuaded that the border was in danger, and showed an inclination to revolt against a system so little removed from one-party government. The Unionist Party therefore has before it the task of educating its followers in the less exciting aspects of political practice. In this its social achievements are considerable, but it is heavily handicapped by persistently high unemployment, which before long may impede further advances in public services.

The smaller vote can equally be accounted for by the continued failure of the constituency parties to select men and women of the requisite ability and powers of leadership. The election was an expression of a loss of confidence in a parliamentary party that has not provided a safe reserve of Cabinet Ministers. The problem is a familiar one, aggravated by the small membership of the House of Commons and by the reluctance of many suitable persons to take part in political life as conducted in Ulster. Until now the Unionist Council has been slow to remedy this weakness, which must be faced concurrently with the need for educating the electorate in the duties and opportunities of self-government, a subject in which Northern Ireland should be able by now to show a greater proficiency. The Northern Ireland Labour Party, which hitherto the Unionists have been content to dismiss as untrustworthy on the Constitution, has at least shown that it is possible to fight an election on more orthodox lines. Yet that is hardly to say that the political outlook has been reformed. It is still a safe prediction that another direct challenge to Partition would mean an overwhelming mandate for Unionism. The voting in the Mourne division of Co. Down, the scene of the only straight fight between a Unionist and a Nationalist, proves that on this score there is no vestige of a change of heart. The figures for both sides were almost identical with those of 1945 and 1949.

As a concerted movement, however, Nationalism has been shown to be confused and ineffectual. Having been deprived of its Belfast seats by anti-Partitionists of Labour leanings, it has seen its country strongholds sharply divided on the question of parliamentary attendance. Two of the nine Nationalist members are, in fact, pledged to total abstention. The Opposi-

tion's performance is thus uncertain, nor can its functions be adequately discharged by the handful of Independents. If only for this reason there would have been a welcome for a representation of the Northern Ireland Labour Party: a livelier Parliament would soon remove the dolour that has settled on the Unionist electors. Some of these have called the election critical from fear that the party's majority might have been so reduced as to make government unstable. That danger has been avoided, but the question how a constitutional opposition can be formed has only been postponed. Enough has been seen to suggest that the Unionist Party might at a future election under similar conditions find itself for the first time with only thirty seats against an average hitherto of thirty-five. This would not necessarily make for disruption, though there would be the risk in some areas of Belfast, where Labour is strongest, of a split in the pro-British vote that might let in anti-Partition. The most that can be said is that the border issue is but dormant, and that the life of a third party in Northern Ireland must always be precarious.

Northern Ireland,
November 1953.

IRELAND

POLITICS IN FLUX

ALTHOUGH the Dáil rose on August 5 for the long vacation it proved to be a "busman's holiday". Almost at once the various political leaders and their satellites were plunged into the turmoil of the South Galway by-election. The result, declared on August 22, was a decisive Government victory. By a majority of 2,266 over the combined total of his three opponents, representing respectively the Fine Gael party, Clann na Poblachta and Clann na Talmhan (the small farmers' party), Mr. Robert Lahiffe retained the seat for Fianna Fail. Both the Clann parties forfeited their deposits. The Fine Gael vote, however, rose by nearly 1,400 at their expense. Mr. de Valera thus retains his precarious majority of two, based on five Independent votes. He can therefore remain in office with the right (as he reminded the Dáil) to choose the moment for a dissolution which he thinks best. The spectre of a general election walks behind the returning deputies.

The Galway result was no doubt influenced to some extent by the Government's plans to reduce unemployment, fortuitously announced by Mr. de Valera on July 25. These involve a national development fund of £5 million, to be annually replenished, and to be used to finance such projects as the improvement of the roads which might be otherwise delayed, together with instructions to government departments to act expeditiously in all matters concerning new constructional work. Moreover Mr. Lemass, the Minister for Industry and Commerce, specifically promised at the opening of the campaign that the concentration of industrial and administrative activities on the eastern seaboard, which is bad for the whole country, would cease, and that the policy of establishing new industries in the west, which has only just begun, would be pursued vigorously. The constant flow of our rural population to Dublin and other large cities is undoubtedly one of the most serious problems confronting the Government, and Mr. Lemass wisely admitted that it would not be easy to check. The Undeveloped Areas Act, recently passed, provides the necessary funds and organization for western development, and, if boldly operated, should help to stem the tide.

Party Strategy

THE steps proposed by the Government to combat unemployment followed to some extent suggestions put forward by the Labour Party executive a few days before. They asked for immediate corrective action to check economic recession and suggested that this could be best achieved by the removal of administrative bottle-necks, which retarded the carrying out of building and other public works, and by the provision of additional funds for further development.

The adoption by the Government of the Labour Party proposals is significant. Irish politics are at present in a state of flux. In the centre is Mr. de Valera's party, Fianna Fail. This is his own creation and depends to a large extent on his personality. A cartoon in *Dublin Opinion* which depicts Mr. de Valera during his recent visit to Downing Street sitting with Sir Winston Churchill and assuring the latter "Nonsense, Winnie, you're a young man yet", has more than an English implication. On the right is Fine Gael, a party which is essentially reactionary, representing the larger farmers and the bourgeois element in the towns. It has no fixed principles and, since its *volte-face* on the subject of the Republic, has lost any character it ever had. It lacks an outstanding leader and the quality of imagination, but it may be relied on to follow assiduously any road which leads to office. On the left are the Labour Party and the two Clann parties which are now negligible in numbers and influence. The Labour Party represents primarily the town workers. Its supporters have an uneasy feeling that the Coalition Government was not satisfactory and that Fine Gael "returned from the ride with Labour inside and a smile on the face of the tiger". In the Coalition conclave the wily senior counsel, who constitute the spear-head of Fine Gael, had in fact little difficulty in out-manœuvring their less astute Labour colleagues. The Independents, as varied in purpose and policy as their title suggests, are only of importance so long as the larger parties are evenly balanced. It seems clear that Mr. de Valera is now making a bid for Labour support against the wrath to come, but he is far too wary to commit himself to any alliance before a general election. During the debate on the vote of confidence last July he made it clear that he could see no difference in principle between the Government and Labour. The Labour Party itself has recently declared that, while pursuing its rôle as an independent party, it would nevertheless, after a general election, be prepared to combine with any other party provided that party was prepared to agree with it on a minimum programme. In short, Labour is prepared to deal with the highest bidder and Mr. de Valera holds the best cards. But so long as the trade unions themselves remain fundamentally divided, the Labour Party cannot hope to be a formidable political force. The protracted negotiations to heal the breach between the Irish and the "English affiliated" unions still continue, but without much sign of success.

At the annual Ard Fheis, or Convention, of the Fianna Fail party held on October 13 Mr. de Valera told the delegates that all indications now pointed to increased prosperity. The financial problems had, he claimed, been solved, but to maintain the social services and food subsidies they would require £55 million a year, which would necessitate the utmost care in administration and increased production. It had been rumoured that he might launch a 'secret weapon' by proposing the abolition of Proportional Representation, already much attenuated in effect by his Electoral Act of 1947, which increased the number of three-member constituencies. But to carry this proposal through a referendum would be necessary, since P.R. is embodied in the Constitution. It is doubtful if Mr. de Valera's Independent supporters, who owe their existence to this voting system, would support a move leading

to their own extinction. The Ard Fheis in fact discussed the matter, but were urged by Mr. Boland, the Minister for Justice, to postpone any decision until they had time to reflect on the question, which they obediently did.

Economic Progress

ON the whole it may be said that our economic position is slowly improving in spite of the politicians. Agricultural production has slightly increased, exports rose by £20 million in 1952 and they are still rising. The balance of payments deficit was reduced in 1952 to the more tolerable level of £9 million (it was £62 million in 1951) and most of the reduction in imports has been of goods involving least damage to our economy. For the first six months of this year the adverse trade balance shows a further drop of £12½ million, and the estimated total value of our agricultural output last year showed an increase of £12½ million over 1951. In addition the harvest, while less productive than the exceptional one of last year, has been most satisfactory. Increased agricultural production is of course the real key to our prosperity. The Most Reverend Dr. Lucey, Catholic Bishop of Cork, has recently said that this desirable goal could be attained by providing good prices for agricultural produce. In fact existing prices provide an ample incentive, and the price index for agricultural products has increased by 223 per cent since 1938. Unless the cost of living is to be further raised it would seem that agricultural prices have reached a sufficiently high level. It is a sad commentary on our agricultural industry that in spite of an astronomical increase in the nominal money return for our farm exports the volume of our agricultural production has hardly increased at all. This is largely due to the fact that the farmers are not consulted about agricultural policy. For instance nobody connected with agriculture has been consulted concerning the Agricultural Research Institute, which it is now proposed to establish with American money and advice. The improved economic conditions and the necessity for capital development have encouraged the Government to raise a loan on terms more favourable to the Exchequer than the last, which carried interest at 5 per cent. Mr. Mac Entee, Minister for Finance, asked the public for £25 million issued at £97 and carrying interest at 4½ per cent. £5 million was taken by the banks. It is understood that the balance of the loan was not fully subscribed. This unsatisfactory result was due to the reduction in the rate of interest, the fact that owing to high taxation the average investor has no spare cash, and an unfortunate statement by Mr. de Valera that the Government proposed to float another loan next year.

The Government has apparently decided to embark on a progressive scheme of capital development and the proceeds of the loan are to be devoted to the improvement of agriculture, shipping, inland transport, electricity, harbour facilities, and what Mr. Mac Entee describes as "our small but profitable steel industry". He also laid stress on the importance of housing, hospital, educational and public health services, commenting that "No nation can hold its own in the world today unless its individual citizens are in general healthy, educated and socially content. A sick man cannot give of his best, neither can an unlettered one." Mr. Lemass, the Minister for

Industry and Commerce, who has been visiting Canada and the United States to promote our dollar exports, has seized the opportunity to plead for the investment of American risk-capital in the development of our industries. Mr. Lemass, who is himself the chief architect of our present rather lopsided economy, was responsible for the Control of Manufacture Acts which limit the investment of foreign capital in any industrial concern to 49 per cent. For twenty years, to the great advantage of our entrepreneurs, if not of the public, he has done his best to keep foreign capital out. He has now, however, told the assembled American tycoons that the time has come when an expansion of our economy can be advanced if the Government permits "a limited investment of external capital", whatever that may mean. In order to encourage Americans to sink money in Irish industrial projects he pointed out that our geographical position and existing trade pacts give easy access to European markets; that there is an adequate supply of labour; that external payment of interest, dividends and capital gains is freely permitted, and that investment here is as secure from violent political upheavals as in the United States itself. On the question of control he was discreetly silent, although one may surmise that neither his audience nor he was ignorant of the fact that it must be faced and dealt with if the import of honest foreign capital is desired.

American Criticism

THE ruthless and realistic approach of American business men to such problems is shown by the report on the possibility of developing Irish dollar exports recently made by a team of American consultants at the Government's request. They were invited to report not on "the over-all dollar export potential of the country", but on the chances of developing for immediate export in large volume a selected group representing only about 25 per cent of current exports, the producers of the remaining 75 per cent being satisfied that they were proceeding on right lines. The answer given was highly critical and unfavourable. Out of twenty-six products examined none was considered to be "exportable immediately in large volume", though ten were regarded as likely to repay development ultimately. In fact, though good prospects undoubtedly exist in the dollar market for some of our products success can only be achieved by hard work, improved marketing methods, attention to detail, and less of the smug satisfaction which is so characteristic of some of our highly protected manufacturers.

In quite another field American criticism has also proved salutary.* Two years ago an inspector from the American Medical Association privately visited our medical schools, and owing to the unsatisfactory nature of his report medical graduates from Ireland were not allowed to sit for the American State Board examination, which must be passed by all foreign doctors desiring to practise in the United States. As the result of public complaints by the Irish medical graduates in America the Irish universities eventually requested the American Medical Association to make a full examination of their medical schools with a view to having the ban removed. Four repre-

* See THE ROUND TABLE, No. 170, March 1953, pp. 165, 166.

sentatives from that body accordingly made an exhaustive examination of these institutions in September. While the result has not yet been publicly disclosed it is understood that these American examiners have unanimously confirmed the previous verdict on the grounds that the control exercised by the universities over the teaching hospitals is unsatisfactory, and that clinical education is on the whole defective. The American critics, who included the President of the American Medical Association and the Director of the famous Mayo foundation, were at pains to point out that their criticisms were the result of the universities' own request and that they would not otherwise have presumed to interfere in our domestic affairs. It has long been known to informed opinion that our medical education was in a parlous condition and that the complacency of our university authorities was not justified. Queen's University, Belfast, has on the contrary kept step with modern developments and its degree is recognized in America. The Americans, unlike the more easy-going and good-natured English external examiners, were not fobbed off with soft talk and went straight to the point. Should the British Medical Council, which supervises our medical education, take notice, as it well may, of the American condemnation, the repercussions would be very serious for the medical schools of our universities, which might as well close down if their degrees are not recognized in Great Britain. It is to be hoped that the much-needed reform of method and teaching will anticipate such an event and restore the ancient fame of our medical schools.

The Case for Partition

MR. LEMASS also availed himself of the opportunity presented by his visit to America to indulge in the usual hackneyed complaints about Partition. He told the National Press Club in Washington that so long as Ireland was divided "and governed in a manner which is contrary to the wishes of the vast majority of its people their first aim will continue to be the winning of their freedom". He further declared sententiously that until that cause of internal weakness was removed Ireland was not free to consider how it could play a more effective part in promoting international co-operation. Our economic and social problems could not, he asserted, be solved until the reunion of the national territory had been brought about. The intense desire of the Irish people for the ending of Partition was, he claimed, inspired mainly by the conceptions of justice and moral right, but its economic consequences were a forcible impetus also. He repeated the now familiar charge that the British Government was responsible for the creation and continuance of Partition. A few days later Mr. Costello T.D., representing the Opposition, repeated the same old song with appropriate variations in the same city at a meeting of the Inter-Parliamentary Union.

Mr. Lemass and Mr. Costello, in common with most other Southern politicians, have apparently never thought about Partition at all. Had they done so they would realize that their argument is based on the fallacy that geographical unity and political unity are necessarily identical; but, to take Europe alone, the Scandinavian and Iberian peninsulas clearly show this to be nonsense. Moreover from a moral point of view it is well established that

political unity can only be enforced on a divided community when there is at least a preponderant identity of social, political and religious views and interests. This condition does not exist in Ireland; hence Partition. We in the South are introvert, isolationist, narrow and suspicious in our outlook on the world. The people of Northern Ireland are on the other hand extrovert, internationalist and co-operative. While we refuse to recognize our political and economic position as part of the British Isles, and in that sense might perhaps be described as "partitionists", the North welcomes this association with Great Britain and the wider ties with the Commonwealth. Finally, deep differences of religion and loyalty, which have been sharply accentuated since the Treaty of 1921, divide the two areas. It is interesting to note that so strong is the feeling on this question in Northern Ireland that the Northern Labour Party, faced by a general election, has just felt constrained to declare that it stands for the maintenance of the present constitutional position and that there is nothing to be gained by the abolition of the border. There is in fact under present conditions no moral case whatever for abolishing Partition. This is implicit in the Southern admission that force is no solution. In short, "the concurrence of wills" which Mr. de Valera, in one of his more lucid moments, postulated as being necessary before Partition could be ended does not exist. To say that Partition was created, and is maintained, by England is untrue. On the contrary all English parties have sought at one time or another, even to the extent of betraying their Northern adherents, to find a just solution of the matter; and it was only through the determined clash of rival Irish wills that Partition became inevitable. Much as patriotic Irishmen may deplore these facts they cannot be ignored. Until they are accepted and recognized by our political leaders no progress can be made towards the observance of the primary Christian precept to "love one's neighbour as oneself". It is in the application of this teaching that the only real solution of our differences can be found.

Another aspect of the matter has caused a storm in a diplomatic teacup. The Irish and Australian Governments are unable to agree concerning the title of Mr. Paul McGuire, the new Australian ambassador in Dublin. The Australian Government suggested that it should be either "Ambassador to the Irish Republic" or "Ambassador to Dublin". The Irish Government claim, however, that he must be entitled "Ambassador to Ireland". To this the Australians refuse to agree on the grounds that it would imply a recognition of our Government's claim to Northern Ireland. For the moment no solution seems possible and it is even suggested that as a result the Australian Embassy in Dublin may be closed. It must in justice be said that the Irish Government seems to be in the right. "Ireland" is not only the historic name of this country but the description of the Irish State in our constitution; just as France did not cease to be called France when she lost Alsace-Lorraine, the majority of the Irish people are still Ireland. Courtesy and logic alike suggest that neither the ratiocinations of Mr. de Valera nor the imbecilities of Mr. Costello should deprive our country of its name.

Ireland,

October 1953

INDIA

LESSONS FOR A NEUTRAL

DISSATISFACTION with American policies abroad and concern about unemployment at home have been the chief engrossments of "public opinion" in India in the last few months. It is always advisable to put public opinion in inverted commas when one writes of India, for the section of the population that cares about such matters is exceedingly small. The remaining hundreds of millions of Indians care more for the facts that this year has had an eminently satisfactory monsoon, that supplies of food outside the cities are now back to what they were before the war, that forced selling of grain to the State Governments has been discontinued over much of the country, and that rationing controls over food and cloth are gradually disappearing. Given these substantial grounds for content, the immense bulk of the population naturally takes little thought of foreign affairs, a department in which most of the talking and almost all the thinking is done by one man, Jawaharlal Nehru. It might seem an exaggeration to say that it does not give thought to unemployment, a topic that has filled the Indian newspapers for months past. But it must be remembered that (in the absence of famine) employment and unemployment in India are terms that may be used strictly in their usual sense only of industrial workers and urban clerks—and India's industrial proletariat is still only a few millions, or about half of one per cent of the population, while the cities accommodate only a small fraction of the Indian people. This minority—the "new Brahmins", a State Governor called them in conversation the other day—presents most of the problems the Government reckons with, but it is useful, before going on to consider how those problems are being dealt with, to recall that they are not by any means the problems of the Indian people.

Displeasure with the Americans has arisen from several affronts to India's *amour-propre* in her chosen role of international mediator, not from any thwarting of genuine Indian interests by Washington. The only case where there has been the least suspicion that American action could damage anything more serious than Indian self-esteem was in Kashmir. When Sheikh Abdullah was deposed* from the premiership of the Indian-held part of Kashmir, and jailed, there was much loose talk of a conspiracy between the Sheikh and the Americans, aimed at complete independence for the former and strategic air bases for the latter. The United States has repeatedly denied this, particularly through its ambassador in Karachi; the Sheikh has had no opportunity to do so, for he is confined on no particular charge and his followers are either on the run or in jail. His successor, Bakshi Ghulam Mohammed, has proclaimed that he has proof of a conspiracy with "a foreign Power" (the United States has at no time been named), but he has not produced any. Several Indian newspapers have told him to make it public or stop talking

* See also p. 82 below.

about it; now that the excitement has died down, few people really believe him. None the less, India is sufficiently suspicious of American opinions about (if not intentions in) Kashmir to have said that she will not accept a representative of a "big Power" (that is, again, the United States) as arbitrator.

The real reasons for the pronounced cooling of Indo-American relations have been Mr. Dulles's statements on India's right to representation at the political conference on Korea and the strain that existed for a time between the U.N. command and the Indian neutrals in Korea itself. The election of Mrs. Vijayalakshmi Pandit to the presidency of the U.N. General Assembly was too obvious a sop to assuage hurt feelings; the honour done Mrs. Pandit no doubt pleases her brother, Mr. Nehru, but many Indians have adopted a cynical indifference to the peregrinations of that pleasant but untalented lady. The rights and wrongs of the disputes about who shall take part in the Korean conference and about the handling of the prisoners of war at Hind Nagar have been too fully rehearsed elsewhere to require recalling here, but there is a chance that out of it all New Delhi will learn some badly needed lessons in international affairs. Even granting that India has a perfect right to attend the Korean conference and that the behaviour of her troops in Korea has been exemplary, Indians have been shown that the mere conviction of self-righteousness and moral superiority does not protect a nation from criticism when it actively intervenes in matters of world importance. This may appear too elementary a lesson for a chancery directed by Mr. Nehru, but it is a fact that Indian irritation in the face of criticism is caused not so much by the content of the charges as by consternation that anyone should dare to doubt the perfect impartiality of neutral India. Indians live with the idea that their international conduct is utterly blameless—and not just blameless because any jingo believes that of his own country, but completely and transparently disinterested. Since India has no axe to grind, since she is the unsullied champion of all the oppressed, Mr. Nehru's advice should be heeded instantly in Africa, north, east, and south, in British Guiana and in the Far East. If that advice be rejected as impertinence or interference, if it be disregarded in favour of other interests, or—perhaps worst of all—if anyone should ask, as Mr. Dulles did, what India has done to earn the luxury of giving advice that costs her nothing, then the only explanation is imperialist wickedness or personal spite. These processes of thought, which may seem too naïve to guide the policies of a great State, are gone through without any noticeable awareness of hypocrisy.

Recent events have somewhat shaken this self-assurance. A similar shock was administered last year from the other side, when Mr. Mao Tse-tung called India the "running dog of imperialism" and Mr. Vyshinsky called her the tool of American designs. Then, too, a distinct coolness pervaded India's relations with the Communist bloc for a time, but harmony has been restored since. So there is no cause to think that a permanent breach has been wrought between India and the United States, or that the Republicans will never be able to get along with Mr. Nehru. Rather, India is digesting another useful lesson in the facts of international life. There are even signs of the realization

that if India were to discard the sanctimonious approach, her active neutrality, which has already done great good, would be more useful still. Despite much ill-informed criticism, Mr. Nehru is pursuing an honest and rational foreign policy—seeking to be of help by declining to join any *bloc* which, whatever its ideological foundations, runs the risk of degenerating into an armed camp. This policy does not necessarily entail the offensive pretence that one lives and moves on another moral plane altogether; nor should it render its practitioners excessively sensitive to criticism. Though this is gradually being realized, there is no indication whatsoever that India will admit any abatement of her right to interfere in colonial affairs in any and every part of the world.

Unemployment

SIR PERCIVAL GRIFFITHS has pointed out that public discussion of economic questions in India proceeds by a series of fads. Someone takes it into his head to decry an ancient deficiency which is a permanent feature of the economy—bad roads, inadequate railways, the absence of a bill market—someone else takes up the plaint, it becomes news, the Government is asked what it is doing about it and, being unable to reply “nothing”, finds that for a time all official action is subordinate to vain attempts to palliate this one defect. Something like this has happened in regard to unemployment. It is an indubitable fact that an unknown number of Indians have nothing to do for much of the year; indeed that is precisely one of the things we mean when we say that India is a populous and backward economy. But this year unemployment has become news, and Mr. Nehru (whose understanding of these matters is frequently quite vague) has declared that “full employment” is the newly discovered but all-consuming objective of his Government. All the States have been told to do something about it quickly, the Five Year Plan has been overhauled in mid-course to provide more jobs, and provincial Ministers who have only the foggiest notion of how many men want work and what work they can do have called on their officials to produce plans to increase employment. There is a good deal of activity, much of it totally inconsistent with the original aims of the national plan and some of it thoroughly uneconomic. Already voices have begun to ask, who started this hare anyhow? A Central Minister has been delivered of the opinion that it was started by the industrialists in an attempt to force the Government to do more to assist private enterprise. Some industrialists say it was started by the labour unions in an attempt to forestall rationalization of industry. A former Cabinet Minister told the present writer that it was started by the Communists to embarrass the Congress by putting them to a task that must defeat them. Whoever started the hare, every politician in the country is now energetically chasing it.

The only sure fact in the case is that registrations at the official employment exchanges have been rising this year rather sharply. This indicates no more than that more literate youths in the cities are looking for work—though they cherish a narrow definition of suitable employment; it must be in their home town and certainly not in another State, and it must be in

keeping with the status of a certified *clerk*. This increase is sufficiently accounted for by the removal of control from foodgrains and cloth; in other words, the Government itself is responsible for the most vocal and troublesome part of the malady. A minister in the United Provinces Government told the present writer lately that his own department had sacked 15,000 out of 20,000 clerks whose only method of earning a livelihood hitherto had been manipulating ration forms and the like. These young men had been turned on to the streets of a city that has no other industry but government. In the same State colleges and universities are working three shifts a day to produce more clerks for whom there is no suitable work. A neighbouring State proposes to use its idle *litterati* as teachers, in order presumably to produce more idle *litterati*. This is a familiar, because long-standing, fault in the Indian social fabric. It needs to be remedied, of course, but effective remedies are not found for ingrained social defects by declaring a crisis and demanding emergency solutions—though something helpful might be done to deal with “frictional unemployment” consequent on the change in economic policy.

Though the foregoing reflections cover the unemployment that has lately been discovered in many parts of the country, there are also areas where genuine industrial unemployment has appeared, notably in West Bengal and the port towns. The jute-mill industry has dispensed with some hands, the Government ordnance factories have retrenched fairly heavily, the economic recession that began last year has thrown out of work many people in the retailing and import trades, and many small businesses begun during the Korean boom or even during the war-time inflation have succumbed in the era of lower prices and dearer money. The young men affected live wholly in overcrowded cities, they refuse to return to the villages, which now appear primitive and uncomfortable to them, and they find that the break-up of the Hindu undivided family leaves them without a cushion for difficult times. Accordingly they make trouble and turn against the Congress Party, and if their temperament runs to violence they express their feelings in the way seen in Calcutta a few months ago. To meet this political threat the Government of India has decided to spend more money on the Five Year Plan, this decision being taken the day after the Central Government had railed at the States in conclave for failing to find the money to support even the plan as first designed. No connexion has been established between the extra money now to be spent and the actual employment situation, but the Ministry is secure in the faith that heavier expenditure “must eventually” mean more jobs somewhere. This is plainly a political revision of the Plan whose real economic consequences no one has calculated, but the careful calculations on which the Plan was first framed are now known to have gone so far astray that no one seems to think it very much matters.

India,

November 1953.

PAKISTAN

PLEBISCITE IN KASHMIR

THE high hopes raised by the personal contacts established between Mr. Nehru and Mr. Mohammad Ali in their attempts to reach a Kashmir settlement have, it seems, come to nothing. While correspondence between the two Prime Ministers was still in progress, Pakistanis were shocked to read of the sudden dismissal* and arrest of Sheikh Abdullah, the Prime Minister of Kashmir, and the forcible suppression of the consequent demonstrations by the Muslim inhabitants of the Valley. It was not that Sheikh Abdullah was in any way a friend of Pakistan: but his independent turn of mind, and his obvious desire to throw off the control of India, had aroused considerable sympathy among Pakistanis. If, it was thought, he succeeded in his attempt to set up a virtually independent State of Kashmir, an ultimate union with Pakistan could be expected. In any case he had made himself *persona non grata* with Mr. Nehru and the Government of India and therefore was to that extent more in the good books of Pakistan. His successor, on the other hand, Bakshi Ghulam Mohammad, was regarded as being no more than a puppet set up by the Government of India. It was all very well for that Government to deny any connexion with these drastic and sudden changes in the administration and control of the State, but Pakistanis refused to be convinced by such denials. Their attitude was summed up in the comment of an American paper which observed that when the apples fell on a windless day it was difficult to believe the small boy who denied having shaken the apple-tree. The Pakistani press, which so far during the negotiations had maintained an admirable reticence, threw moderation to the winds and published exaggerated reports of massacres of Muslim demonstrators by Dogra troops and accused the Government of India of having wantonly destroyed the more favourable atmosphere produced by the conciliatory labours of Mr. Mohammad Ali. Mr. Mohammad Ali himself must have felt deeply discouraged, for it was he who, in his early days as Prime Minister, had expressed confidence that the Kashmir dispute would be settled in a matter of months. However, he lost no time in arranging a visit to Mr. Nehru in New Delhi. He was received there with remarkable popular acclaim and his visit resulted in a measure of agreement. Although the precise schedule for demilitarization—the chief cause of the deadlock—was left for further discussions, it was at any rate agreed that the Plebiscite Administrator should be inducted not later than April 1954.

This was a point gained for Pakistan, for the Pakistani delegation at the Security Council had always pressed for the induction of the Administrator even before completion of demilitarization and the other prerequisites for a plebiscite. It had been felt that once the Administrator was *in situ*, and was in a position to exercise his considerable powers for ensuring a fair plebiscite, the battle would be half won. Nevertheless the unfortunate Mr. Mohammad

* See also p. 78 above.

Ali, on his return to Karachi, did not meet with the commendation which he might have expected. He was rather treated as a simple-minded person who had fallen into the trap set by his more wily counterpart in India. There were two reasons for this: in the first place, Pakistanis suspected that Mr. Nehru had tossed this sop to Pakistan in order to prevent the Pakistani Government from referring the whole matter back to the Security Council, a course which he was anxious to avoid; and secondly, a subsequent announcement by Mr. Nehru indicated that Admiral Nimitz, the Plebiscite Administrator approved by the Security Council and accepted by both parties to the dispute, would no longer be acceptable. The Government of India, as was made clear, did not wish to have a representative of one of the great Powers to administer the plebiscite and would prefer a member of a smaller nation, preferably Asian. In this Pakistanis smelt mischief and the Pakistani Government in its turn made it clear that it was to be Admiral Nimitz or no one. The result was that the dispute slipped back into the old familiar deadlock and there is little doubt that it will have to be referred back *in toto* to the Security Council. So much for Mr. Mohammad Ali's well-meaning efforts to win over Mr. Nehru to voluntary acceptance of the conditions required for a fair plebiscite.

Relations between India and Pakistan were not made any happier by the latter's vote against India's participation in the Korean political conference. Public opinion in India, judging by press comments, reacted very sharply against this, and tended to accuse Pakistan of having stabbed a fellow Asian country in the back. Pakistanis found it difficult to see why India should have expected Pakistan to favour her in opposition to the United States, considering the cold war conditions prevailing between India and Pakistan as compared with the generous help that Pakistan had been receiving from the U.S.A. In regard to the other main dispute between India and Pakistan, relating to the utilization of the waters of the Indus basin, some progress is being made, and discussions recommenced in Washington on September 9 under the aegis of the World Bank. There seems little doubt that, given time and given substantial foreign aid, a comprehensive engineering scheme can be worked out whereby the waters of the Indus and its tributaries can be fully utilized in the best interests of both countries. Unfortunately, however, it is not the long-term aspect of the problem that is worrying Pakistan, but the short-term. What is vitally necessary for Pakistan is that India should abide strictly by her undertaking to respect existing rights of use and to abstain from taking more than her fair share; but it has recently been announced in the Pakistani Parliament, in response to a question, that India is even now not observing this undertaking. This is indeed serious, for food production is the most urgent need of Pakistan, and large areas of the Punjab and Bahawalpur are gravely endangered by new works which are being undertaken by the Government of India for diversion of the waters of the Sutlej.

A Crisis in Constitution-Making

THESE matters have required the serious attention of Pakistan; yet during the past two months they have been completely eclipsed in importance by an internal crisis. The problem of framing a new constitution has become

a hardy annual, and every time the Basic Principles Committee (the body appointed by the Constituent Assembly to frame detailed constitutional proposals) has produced a report, one section or other of the country has flared up. On this occasion Mr. Mohammad Ali's Government originally sought to avoid the main issue. It was proposing to call a session of the Constituent Assembly for the purpose of passing only those sections of the new constitution about which there was general agreement—including the proposal that Pakistan should adopt a republican status within the Commonwealth. Although the idea was that the sections so adopted should form a permanent part of the Constitution, the public in general and the East Pakistanis in particular adopted a slogan of opposing what they insisted on calling the "interim constitution". The reason for this seems to have been that it was universally felt that the Central Government and the Muslim League had shirked, and were continuing to shirk, the most difficult issues, and that the time had come for them to grasp the nettle and get their task of constitution-making completed without further ado. The Provincial Muslim League Council of East Pakistan, sensing this general feeling, evidently decided to make capital out of it with a view to gaining support at the forthcoming general elections in that province. Consequently they passed a resolution calling upon all East Pakistani members of the Constituent Assembly to oppose the proposals of the Central Government. This minor revolt by the League in East Bengal was extremely embarrassing to the Central Government and the Muslim League Parliamentary Party, and last-minute discussions before the opening day of the Assembly failed to induce the members from East Pakistan to relent. The constitutional proposals therefore had to be adjourned and a period of intensified consultations between the Central Cabinet and the Provincial Chief Ministers ensued.

Almost at the eleventh hour before the Constituent Assembly was due to meet again it looked as if the negotiations had been fruitless. There was deep depression in political circles in Karachi, and some members of the Constituent Assembly were confessing that they had been driven to the conclusion that the differences between East and West Pakistan were so fundamental and irreconcilable that there could be no solution save in the formation of a confederation of the two wings united only in respect of defence, foreign affairs and currency. Happily, at the last moment, thanks largely to the personality and persistence of Mr. Mohammad Ali himself, a formula was found, to the satisfaction of both wings. The Basic Principles Committee had recommended parity of representation for both wings in the Central Parliament: there were to be 200 from each wing in the Lower House, and 60 from each wing in the Upper House. Representatives of West Pakistan, among whom the Punjabis were the most vocal, strongly resented these proposals, pointing out that the single province of East Pakistan would thus be given equal importance to all the other provinces put together, while the East Pakistanis themselves were able to argue that the proposal was less than fair to them because it denied them the representation to which they were entitled on the basis of population. The compromise formula, which rather surprisingly satisfied the Punjab, was that East Pakistan should have its majority in the Lower House—165 out

of a total of 300 seats—while in the Upper House there would be 50 seats divided equally among the five units; thus East and West Pakistan would share equally in the aggregate membership of both Houses. To give the parity reality it was laid down that each House should have equal powers, and even money bills would have to be passed by the Upper as well as the Lower House. In the case of a difference of opinion between the two the bill would have to be placed before a joint session to be passed by a majority vote, but the majority vote would have to include at least 30 per cent of the members present and voting from each of the two wings. As a further safeguard to maintain the balance between the two wings it was provided that votes of confidence or no-confidence could be moved only in a joint session, and could be passed by majority vote only if the members voting for it included at least 30 per cent of the members from each wing. The upshot is that there is no danger that the country will be dominated by either wing, and no controversial measure can be passed in the Legislature unless it receives substantial support from both. As a further means of preserving the balance, it is provided that the Head of the State (that is the President) and the Prime Minister must be drawn from different wings.

Militant Mullahs

IN the unusual circumstances in which Pakistan is placed, it would have been difficult to find a more satisfactory formula. It could no doubt be argued that the proposed constitution is open to the objection that it recognizes and perpetuates the split between the two wings, but it is now conceded on all sides that the split is a fact which cannot be glossed over and the only realistic course is to recognize it and base the constitutional proposals accordingly. The detailed discussions of the proposals are at present in progress in the Constituent Assembly, and no doubt strong controversy will develop about particular points; but the country as a whole has welcomed the new formula with relief and will resent any further obstructions caused by the politicians. Even more, it will resent any attempt on the part of the mullahs to obstruct further progress. The mullahs are indeed being fairly vocal, but it seems that they may be satisfied if the preamble to the Constitution declares Pakistan as an independent Islamic Republic. They are unlikely to press for the adoption of the singularly inept proposals of the Basic Principles Committee that the legislators, both Central and Provincial, should be advised by "Mullah boards" to ensure that no legislation is repugnant to the Qur'an and the Sunnah.

The mullahs and the various organizations they control are, unfortunately, obtaining a great deal of publicity at present from the proceedings of the Court of Inquiry appointed to investigate the recent disturbances at Lahore connected with the anti-Ahmadi agitation. The Court of Inquiry seems to have felt it necessary to enquire into the doctrinal differences between the Ahmadi community and the orthodox Muslims, with the consequence that an interesting religious controversy has developed. Leading Ahmadis have been called upon to state whether they regard other Muslims as infidels and whether they permit intermarriage between Ahmadis and non-Ahmadis, and similar embarrassing questions. On the whole the trend of evidence

would seem to be favouring the orthodox Muslims in their claim that the Ahmadis should be treated as a non-Muslim minority, although it would be extremely unfortunate for Pakistan if this were established.

Economic Progress

THE economic outlook continues to improve slowly. The balance of payments from the beginning of the calendar year has been slightly in favour of Pakistan, and this is good as far as it goes; it is, however, disappointing that the margin has been so narrow considering that imports have been reduced below the reasonable minimum. The most encouraging factor in the situation is the marked improvement in the foodgrains supply. This has of course been mainly due to the generous gift of 700,000 tons of wheat (to be increased to 1,000,000 tons if necessary) from the U.S.A., but at the same time the outlook for internal production of foodgrains is decidedly better. Ample monsoon rains have ensured good crops of millet and rice—in fact Pakistan will have at least 300,000 tons of rice for export—and sowing conditions for the next wheat crop appear to be good. Moreover the influx of foreign wheat has created psychological conditions unfavourable to hoarding, and large stocks which were held by farmers either for their own consumption or in the hope of even higher prices have been unloaded on the markets. There is no cause for further anxiety on this score and, given reasonable luck, Pakistan should never again find itself short of this primary essential.

The most important industrial development is the discovery of a large field of natural gas at Sui in Baluchistan. It is claimed that this is one of the most important economic events of the past hundred years in the Indo-Pakistani sub-continent. The proved reserves of gas are 2.28 billion cubic feet—sufficient to supply 100 million cubic feet a day for 60 years. This quantity of gas is the equivalent in effective heating value of about 1.6 million tons of imported coal per annum. During the first stage of operation the substitution of the gas for imported fuels will save the equivalent of about £3.24 million sterling per annum, while at full load it will save about £8½ million. A survey is now in progress for the construction of a 16-inch diameter pipeline, estimated to cost about £9 million, to be laid from Sui to Karachi via Sukkur-Rohri and Hyderabad-Kotri. The gas has a multiplicity of uses. It can serve as a raw material for the production of nitrogenous fertilizers; it can be used to generate electricity; it can be employed in any industrial plant, and in the first stage of the programme it is proposed that it should be used in the Rohri, Hyderabad and Karachi cement works and the Hyderabad, Kotri and Karachi power plants. The price at which it can be supplied will certainly compare favourably with the cost of coal. In a word, this should revolutionize the economy of West Pakistan.

Pakistan,
November 1953.

CANADA

THE PROBLEM OF WHEAT

WHEAT, despite the rapid expansion of Canada's industrial structure in the last decade, remains one of the major buttresses of the national economy and the chief factor in the prosperity of the three prairie provinces. The high level of their business activity and the progressive reduction of farm mortgages held in them have supplied abundant evidence that in recent years wheat-growing has been a very profitable enterprise in this region. In the last three successive years it has been blessed with very abundant grain crops, and the wheat crop of 1953 is now estimated at a total of 594.3 million bushels, all save some 30 million bushels grown in the prairie provinces. This figure has only been surpassed by the record crop of 1952, 688 million bushels, and it is some 40 per cent larger than the average for the ten-year period 1943-52, 423,500,000 bushels. Moreover it was produced from a slightly smaller acreage than that of 1952, and the average yield per acre of the spring wheat of the prairie provinces was 22.9 bushels per acre. There had been forebodings that, owing to the abnormal lateness of the western harvest, great losses in the grain crops would be incurred by the ravages of early frosts, but favourable weather enabled the harvest to be virtually completed by mid-October without any serious damage. Now at the end of the last crop year on July 31 Canada had a carry-over of wheat amounting to 362.7 million bushels and, when this was added to the new crop of wheat, the potential available supplies for the crop year 1953-54 were estimated at 965.7 million bushels. But the domestic requirements of Canada can only absorb 160 million bushels in the year and there will therefore remain an exportable surplus of about 800 million bushels. Under present circumstances the problem of the profitable disposal of this huge surplus presents a baffling problem both to the producers of wheat and to the Government of Canada.

For many years after the agricultural settlement of the prairie was begun the grain trade was in the hands of grain companies, elevator companies and individuals, whose base of operations was the Winnipeg Grain Exchange, and it was dissatisfaction with some of the practices followed on this exchange that impelled the grain-growers of the three prairie provinces to organize in the first quarter of this century the system of semi-co-operative marketing, which is now known as the wheat pools. A separate pool exists for each province and they had all to be rescued by governments from grave financial difficulties into which they fell during the great depression of the thirties; but they are now all in financial health and, since they command the allegiance of a large body of the prairie farmers and own a great string of elevators, they handle a very substantial proportion of the grain trade of the prairie country. But today both the wheat pools and the private grain-trading interests merely function as subordinate agents of the Canadian Wheat Board.

This organization was first established during the First World War, but it was allowed to lapse and free trading in grain was carried on until in 1935 the Conservative Ministry of the late Lord Bennett revived the Wheat Board and empowered it to support the market, in order to avert a calamitous recession in the price of wheat and to exercise a limited measure of supervision over the grain trade. But in the years since elapsed the Board has had its authority steadily enlarged, and its operations have now great significance both in Canada's economy and in the sphere of international grain markets. Since 1943 all grain grown in the prairie provinces must be delivered to the Board and it has been the sole agency of sales for export, of which a large proportion have been made within the limitations of agreements made with importing countries. It is this Board, which is armed with almost dictatorial powers, that is confronted with the problem of finding a satisfactory market for Canada's immense stocks of wheat, and, unless it can solve it within a reasonable time, a serious crisis may arise in the fortunes of the three prairie provinces.

Overlapping Agreements

FOR an adequate appraisal of the situation which has developed some account of its background is essential. After the termination of the system of Mutual Aid at the close of the Second World War the British and Canadian Governments concluded an agreement under which the former undertook to purchase 160 million bushels of Canadian wheat for the first two years covered by the agreement and 140 million bushels in each of the last two years. The prices were fixed at \$1.55 for each of the crop years 1946-47 and 1947-48, a minimum of \$1.25 for 1948-49 and a minimum of \$1.00 for 1949-50. These prices were based upon the assumption generally held at the time of the negotiations that the world prices for grain would fall, but under the pressure of heavy demand they rose steadily. So the British Government, although it was under no legal obligation to take cognizance of this rise, agreed to pay \$2.00 for its Canadian wheat during the last two years of the agreement. In the four-year period the aggregate of British expenditures upon Canadian wheat and wheat flour was 1,273 million dollars, which represented a very substantial contribution to the maintenance of reasonable prosperity for the grain-growers of Canada.

But in 1949 the Anglo-Canadian wheat agreement was superseded by an international wheat agreement, to which the three major exporting countries, the United States, Canada and Australia, and over thirty importing countries subscribed; and for the crop year 1949-50 the two agreements overlapped. Under this agreement Canada undertook to sell 203 million bushels of wheat in each crop year, but this figure was subsequently raised by instalments to 235 million bushels for the purpose of meeting additional requirements of Japan and West Germany. Together the exporting countries originally agreed to supply 456.3 million bushels of wheat, but this figure was ultimately increased to 580.9 million bushels. Of the importing countries Britain made the largest commitment about purchases, 177 million bushels, which was about 30 per cent of the revised total, and Italy was the second biggest im-

porter with 40 million bushels. The agreement prescribed that the maximum price for each of the four years should be \$1.80 per bushel, but that the minimum price, starting at \$1.50 per bushel for the crop year 1949-50, should fall by 10 cents each year to \$1.20 for the crop year 1952-53. The exporting countries bound themselves to sell to the limit of their respective commitments when the maximum price was offered to them, and the importing countries contracted to buy at the minimum price up to the amount of their commitments.

On the whole this international agreement worked satisfactorily and it was consistently supported and defended by the leaders of the wheat pools of western Canada. But it was the target of recurring attacks by the *Winnipeg Free Press*, the most powerful Liberal paper in Canada, on the ground that it was a reprehensible departure from sound principles of trade, which a Liberal Ministry should have carefully observed, and that it prevented the western grain-growers from getting the benefit of the higher prices which ruled in the open market. Some critics of the agreements placed the aggregate loss of the grain-growers through the agreements since 1946 at the absurdly high figure of 400 million dollars; and the basic defence offered by Ministers and others was that, even if there was some loss, the assurance of stable prices for a critical period was very valuable compensation.

In the spring of 1952 negotiations for a renewal of the agreement were opened in London, but the gulf between the views of the exporting and importing countries proved too wide to be bridged at that time. Britain and other importing countries felt that for the new agreement \$1.80 per bushel (inclusive of a carrying charge of 6 cents) was a fair maximum price; but the United States, on the ground that costs of production had risen greatly, insisted upon a maximum price of \$2.50 per bushel and a minimum price of \$1.90. Canada and Australia were both prepared to accept a maximum of \$2.25 and a minimum of \$1.75 but, when neither of the two parties would recede from their positions, the conference was adjourned after four weeks of abortive discussions.

Subsidy in the United States

NEGOTIATIONS, however, were resumed at Washington on January 30, 1953, and continued with some interruptions for the next ten weeks. In the opening stages of this conference the delegates of the United States revived the demand, which they had made in London, for a maximum price of \$2.50 per bushel. The real reason for this high price was that, under the terms of the American programme of price support for farm products, the Commodity Credit Corporation must buy wheat offered to it at a price calculated in conformity with a complicated formula based on the prices of a list of other foods; at present this arrangement involves the Federal Treasury of the United States in a subsidy of 37 cents per bushel for wheat. Naturally the Government of the United States is anxious to pass on as large a share of this subsidy as is possible to the importers of wheat, but there is no valid reason why consumers in importing countries like Britain should contribute to a subsidy for American grain-growers. But both Canada, for whom the chief negotiators were Mr. Howe, the Minister of Trade and

Commerce, and Mr. Gardiner, the Minister of Agriculture, and Australia felt that this price was too exorbitant to have any chance of acceptance, and eventually the Government of the United States was persuaded to agree to a maximum of \$2.05 and a minimum of \$1.55 per bushel. The British delegates under instructions from their Government intimated that, while it was anxious for a renewal of the agreement and felt that a minimum price of \$1.55 was satisfactory, it would not acquiesce in a higher maximum price than \$2.00 per bushel. In this stand the Churchill Ministry was supported by the other political parties of Britain and all the press, and in a leading article published on April 13, 1953, *The Times* put the case against the artificial price level sought by the United States in these words:

In short what their action amounts to, is the intrusion of domestic policy into international trade. Our Ministers with a full appreciation of the risks they are taking decided to resist such an intrusion. A question of principle is involved and there is good ground for saying that it carried more weight with Ministers in reaching their decision than did the matter of increased expenditure. The United States are asking for the best of both worlds. They are buying rubber, tin, jute and other materials which the Commonwealth produces, at the lowest possible prices. On the other hand they are seeking to extract the highest price they can get for their wheat. On the one hand they urge us to cut our coat according to our cloth. On the other hand when it suits their interests, they ask us to enlarge our expenditure with reduced earnings.

But while Britain remained inflexible against it, the other importing countries for various reasons capitulated to American pressure and signed the agreement. Under its terms the exporting countries agreed to supply 595,542,000 bushels for sale within the price range of \$1.55 and \$2.05 and in this commitment the respective shares of the United States and Canada were 270.2 and 250 million bushels. It was also decided that out of the total commitment about sales 177 million bushels should be reserved for Britain, in order to provide against the possibility that her Government might change its mind and accept a maximum of \$2.05 before the time limit for the ratification of the agreement expired on July 15. But this hope was not realized and accordingly the quotas of the guaranteed sales were scaled down to meet the quotas guaranteed by the importers. It was almost inevitable that the refusal of the British Government to sign the new agreement would meet with severe criticism in Canada. Spokesmen of the western grain-growers argued that, since the British people had as the result of the Anglo-Canadian agreement and the first international agreement been able to buy large quantities of wheat very cheaply at the expense of the Canadian farmer, they were guilty of base ingratitude in refusing to sign a fresh agreement which gave the Canadian producers of wheat stability of price for another four years; and this argument was supported by a comparison of the prices fixed by the agreement and the prices at which sales of wheat, known in Canada as Class II sales, were being made outside the scope of the agreement. But there was available an effective answer to this argument, namely that the guaranteed market for a large portion of the crop relieved greatly the pressure of supplies and facilitated sales outside the agreement at higher prices.

Mr. Howe, the Minister of Trade and Commerce, in the House of Commons on April 13 admitted that it was only pressure by the United States that induced the Canadian delegates to hold out for the higher maximum price, and he even frankly avowed considerable sympathy with the British attitude.

I know [he said] that our good friends from the United Kingdom are shrewd and hard bargainers and I respect them for it. Their final effort to bring the maximum price down by five cents was quite understandable. In a similar position the Canadian Government would have done likewise. . . . We tried very hard indeed to get an agreement at maximum and minimum prices five cents below those which were finally recommended.

But at the same time Mr. Howe and his officials profess to be unable to understand why the British Government boggled at the addition of merely 5 cents to the maximum price which it was ready to accept, and maintain that the importing countries need never pay the maximum price, if the relations between supplies of wheat and the demand for it make the position favourable to the buyers as it does today. But the experience of the operation of the first international agreement challenged the validity of this claim. In answer to a question in the British House of Commons the Minister of Food said: "On almost every occasion the maximum price has been received by the exporters and paid by us." The British Government had good reason for fearing that this situation would not be altered, as long as the United States adhered to its expensive programme of price support for grain.

Declining Demand from Great Britain

IN his speech of April 13 Mr. Howe told the House of Commons that Canada had favoured the agreement only on account of the minimum price, which it considered fully as important as the maximum price. He did not give any encouragement to the charge, which was freely made in Canada, that the British Government never had any intention of signing the new agreement, because it wanted to keep its hands free to let the Liverpool Grain Exchange resume trading in grain futures, now an accomplished fact, and to re-establish that institution as a very important agency in the fixing of world prices for grain. The idea was also circulated that the British were anxious to avoid being bound to a minimum price, because they hoped that the present glut of world supplies of wheat would enable them eventually to drive the price of Canadian wheat down below \$1.55, but an adequate refutation of this charge is available in their cordial support of the increase of the minimum price from \$1.20 to \$1.55, which materially improves the protection afforded to the Canadian producers. However, Mr. Howe publicly deplored the attitude of the British Government and suggested that they had been badly advised by their grain experts and would rue the day that they stood aloof from the new agreement, because they would find themselves paying higher prices for Canadian wheat than those fixed by it. But the downward trend of grain prices has falsified his prediction.

So the new crop year opened on August 1 with Britain, which has long been Canada's best customer for wheat, uncommitted to make any purchases of it. But at country points and at the lake and coastal ports the elevators

were clogged with the grain of the 1952 crop, and there was so little room for the new crop that the Canadian Wheat Board had to issue an order restricting the farmers' deliveries of wheat to 3 bushels per seeded acre; as a consequence they have been storing 85 per cent of their new crop in bins or outbuildings on their farms or leaving it piled on the ground, and between August 1 and October 7 their total deliveries of grain to elevators only amounted to 147.5 million bushels as compared with 192 million bushels in the comparable period of the crop year 1952-53. In the crop year 1952-53 Canada's volume of exports of wheat and wheat flour in terms of wheat at 385.9 million bushels was the second highest on record and, if it could be matched during the current crop year, the situation about supplies would become manageable. But the outlook for its repetition has been worsened by the excellent harvests reported in Britain and most of continental Europe, whose need for imports of grain has thus been diminished.

Since the new crop year began British purchases of Canadian wheat have been negligible, but comforting evidence that other countries are buying Canadian wheat is found in statistics, which show that the export clearances of wheat between August 1 and October 7 amounted to 59.7 million bushels, a figure which was only some 9 million bushels below the comparable figure for 1952-53, 68.8 million bushels, and that more than half of the decline was in shipments to the United States, which has never been a sure market for Canadian wheat. But, on the other hand, reports in the press indicate that a large number of grain-carriers are lying idle in the port of Montreal, because no cargoes are available for them. If the forecast that the needs of the importing countries for Canadian wheat will be satisfied much more easily than a year ago proves accurate and the outflow of exports dries up, a huge volume of wheat will have to remain on the farms; and since, until it is delivered to the elevators, the producers will be unable to secure payment for it, they will find difficulty in meeting their obligations to merchants and farm implement companies. If the present blockade of grain causes, as it will until relieved, a serious curtailment of rural purchasing power in the three prairie provinces, the adverse effects upon general business in this region of reducing orders for eastern industries can hardly fail to slow down the activity of the latter. So an agitation has developed in the prairie country for the Federal Government to make arrangements for advances of money to farmers on the grain which they have to store on their farms, but so far the Government has shown no signs of yielding to it. Observers who have recently visited western Canada report that the average prairie farmer does not blame British ingratitude and selfishness for the crisis in his fortunes but prefers to accuse the St. Laurent Ministry of miscalculations in its policy about grain marketing and of missing an opportunity to get Britain committed to a new agreement through fear of offending the Government of the United States.

Canada,
November 1953

AUSTRALIA

ELECTIONS FOR THE COMMONWEALTH SENATE

IN 1951 the Senate and the House of Representatives were simultaneously dissolved. Under the Constitution the term of Senators elected after a double dissolution begins on the 1st day of July *before* their election. It therefore followed that, in May 1953, 30 of the 60 Senators elected in 1951, together with 2 who had been chosen in the interim to fill casual vacancies in the Senate, came up for re-election. Since the House of Representatives is not due to go to the country until 1954, the election of 1953 was confined, for the first time in the history of the Commonwealth, to the Senate. In the normal course of events the cycle thus begun will continue. While it does, the electorate will be given an opportunity to appraise the record of an administration not once, but twice, in the course of a term of office of three years.

Throughout the Senate campaign the Prime Minister, Mr. R. G. Menzies, repeatedly reminded the electors of the deadlock that had precipitated, and had been resolved by, the double dissolution of 1951, and urged them to prevent the Government from being again hamstrung, as it had been from 1949 to 1951. In the result, 44 per cent of the electors voted for the Coalition he leads, and 51 per cent for the Labour Party. The electoral method employed being that of proportional representation, the will of the electorate was truly reflected by the return of 15 supporters of the Government and 17 members of the Labour Party. The majority of the former in the Senate was thus reduced to 2 (31-29).

"The Senate", it has been observed, "is most secure when it is least conspicuous." This election focused attention upon its failure to fulfil the expectations of its founders; the cost of it and of Senate elections when they are held, as, in the foreseeable future, they will be, at times that do not coincide with elections to the House of Representatives; the number of obscure placemen whom party tickets have put upon its benches and the relatively gross over-representation in it of the smaller or less densely populated States. Fresh in the memory also was the fact, emphasized in the McKenna Report* of 1950, that "the Senate can and sometimes has acted, in a way that, while strictly constitutional, is not compatible with the principle of responsible government".

"The Senate was to be the States house. This anticipation has been almost completely falsified by results. . . . The idea of the Senate as a second chamber of wise and experienced men, sitting in sober and deliberate—and largely non-party—review of possibly hasty legislation passed by the lower house has not been realized in practice."† The conclusions of the former Deputy

* So named after Senator N. E. McKenna, the Chairman of the Select Committee of the Senate that presented it.

† Rt. Hon. Sir John Greig Latham, G.C.M.G., Called to Bar (Vict.) 1904, K.C. 1922;

Prime Minister and Chief Justice of the High Court find substantial support in the McKenna Report already quoted. The latter does cite instances, however, in which party affiliations have been subordinated by Senators to State interests, and it does point out that over the ten-year period 1937-47 the Senate made 173 amendments that became law in 47 Bills which had first passed the House of Representatives.

Drawbacks of Mathematical Representation

THE disparity between the number of electors enrolled in the several States and their representatives in the Senate is arrestingly illustrated by the figures of the Commonwealth Electoral Office. Western Australia, for example, with an enrolment of 329,192 has the same representation as New South Wales with an enrolment of 1,979,594. In Tasmania the number of electors per senator is 16,850, whereas in Victoria the number is 141,151. These affronts to democratic theory are entrenched in the Constitution and cannot be lawfully removed from it except with the approval of the majority of the electors in the States, whose voting strength in the Senate was thus established by the federal pact.

If the Menzies Government were to be defeated at the elections in 1954 and the present representation in the Senate of the parties is unchanged by death, resignation, or retirement, the incoming Labour Government would be confronted, for two years at least, by a "hostile" majority in the Upper House. If, on the contrary, the Government be returned, since 18 of its supporters in the Senate are among the 30 who must go to the polls in 1956, it follows that, unless it then wins at least 18 of the 30 seats—which is unlikely—it will have to reckon within its third year of office with either an evenly divided or a hostile Senate. In either event, if the party game is played as it has been in the past, an administration bent on redeeming its pledges to the electorate is unlikely to be severely handicapped.

The perfection of proportional representation as a democratic device may be its undoing. It has proved that in the Commonwealth, as in Tasmania, where it has been in operation for many years, public opinion in matters political is fairly evenly divided. Faced in the Senate with the consequences of this fact under the rigid party system that obtains, both parties have advanced proposals to mitigate them. In 1950 the Government introduced a Bill in the Senate to avoid an evenly divided Senate after a double dissolution. This Bill was remitted by the then Labour majority in that Chamber to a Select Committee comprised entirely of Labour Senators. At the end of its report, in which there is much of interest and value pertaining to the problem of the Senate, this committee proposed that the Constitution should be so amended as to eliminate the provision made by it for a double dissolution in the event of a deadlock, substituting in lieu thereof determination of the matters in issue at a joint sitting of the two Houses. This proposal, as

P.C. 1933; Commonwealth Attorney General 1925-29; Deputy Prime Minister, Minister for External Affairs, Minister for Industry, 1931-34; Chief Justice of High Court from 1935 to 1952 (Retired.)

was to be expected in the political circumstances then prevailing, fell on stony ground. And so the problem remains.

Electoral Reform in Victoria

BY passing the Electoral Districts Act the State Parliament has adopted the "Two for One Plan", so called because each Commonwealth electoral division within the State will become two electoral divisions for the State Legislative Assembly. This represents a radical departure. Hitherto the State has been distributed into city, country and provincial electoral districts, which, regardless of disparities in population, give approximately equal representation to country and city interests. Thus, of the existing 65 electoral districts, each of which elects one member, 33 are city and 32 country or provincial electorates—the relative voting strengths being, on the average, about 60 country electors to 100 city electors. In individual electorates the discrepancy has been much greater. The Commonwealth electoral divisions broadly give effect to the democratic principle of "One Vote One Value". The adoption of the "Two for One Plan" accepts this principle for future elections of the State Lower House.

This measure would appear to have sealed the fate of the Country Party—for long a dominating force in Victorian politics. By holding the balance of power between the Liberal and Labour parties, it has governed the State (with short intermissions)—over the last two decades. This ascendancy of the Country Party, by stirring its rivals to action, has proved its undoing. First, about two years ago the Liberal Party, with Mr. Hollway at the helm, officially adopted the "Two for One Plan", while Labour, then supporting the McDonald Country Party Government, showed little enthusiasm for it. Then Labour, having in the meantime withdrawn support from the McDonald Government, espoused the plan, while the Liberal Party, by this time supporters of the Country Party Government, in face of strong opposition from Mr. Hollway, officially abandoned a policy so inimical to the Country Party.

Interpreting its success at the December elections as a mandate, Labour, as one of its first measures, secured the passing of this legislation. The Country Party throughout bitterly opposed it and indeed carried its opposition to the length of attacking the constitutionality of the measure before the Courts before it received the Governor's assent. This, which was based upon insubstantial technicalities, failed. The Act sets up an Electoral Commission, which is required to prepare a plan for dividing each Federal electoral district into two State electorates with approximately equal numbers of electors. Unless both Houses disapprove, the Commissioners' proposed re-division is deemed to be adopted. Changes from time to time hereafter in distribution of Federal electorates will automatically involve redistribution of State electorates through the same machinery.

As the present Commonwealth division into metropolitan and extra-metropolitan electorates does not in all respects accord with a division into city and country electorates, it is difficult to forecast the proportions of city to country electorates which will result. The 33 Commonwealth electorates

will provide 66 State electorates and it seems likely that the proportions will be 41 city to 22 country with 3 provincial seats (Ballarat, Bendigo and Geelong).

Whether country interests will suffer through the inevitable enlargement of State country electorates or through the preponderating strength of the city electorates remains to be seen. One thing is clear—the collapse of the Country Party as an effective force would throw upon Liberal and Labour parties alike full responsibility for promoting both country and city interests.

Medical Benefits Scheme

THE medical benefits scheme, which came into force on July 1, 1953, serves to illuminate the growing interest of the Commonwealth in health services. The health services for which the Commonwealth has come to assume responsibility during recent years include free milk for school children; free general practitioner services and medicines for pensioners; free "life-saving drugs" when prescribed by a medical practitioner; hospital benefits; and measures for the prevention and cure of tuberculosis. The total expenditure upon these services (including an amount of £3.5 million on medical benefits) is estimated at £30.6 million for the year 1953-54.

A notable feature of three of these services—free milk, hospital benefits and measures for the prevention and cure of tuberculosis—is that they are provided on a basis of Commonwealth-State co-operation: the States being responsible for the distribution and detailed administration of the moneys made available by the Commonwealth. The medical benefits scheme likewise represents an interesting experiment in administration. The detailed administration of medical benefits is to be entrusted to friendly societies and other voluntary insurance organizations whose rules accord with prescribed conditions. The decision to utilize the services of voluntary organizations experienced in the provision of medical benefits was prompted by a desire to avoid the need for creating a large and unwieldy body of public servants for this purpose. The Government believed, too, that this arrangement would leave "free and unfettered the rendering of medical services by the medical profession".

The medical benefits scheme is based upon the principle of voluntary insurance, its declared object being to "help those who help themselves". It does not modify in any way the existing doctor-patient relationship. It merely provides for financial subsidies to be added to the cash benefits granted by voluntary insurance organizations to their members towards the cost of medical treatment. The subsidy and the cash benefit together will usually be of an amount sufficient to meet the greater part of the patient's medical expenses. In this way some of the hardships which are often associated with the costs of medical attention will be mitigated.

The Commonwealth Budget

WITH the general elections due next year, the Commonwealth Government has been anxious to improve its standing with the public by generous tax concessions. These it has made in the budget for the year which began on July 1.

The tax reductions are substantial in amount, and cover a wide range.

Chief of them is the cut in income tax for individuals, and for companies. There are also many other concessions, including some reductions in sales tax and the abandonment by the Commonwealth of the field of entertainment tax.

In all, the changes will be worth £82 million in the current financial year. Critics have been quick to point out that they have cost the Treasurer nothing. Owing to an extremely good season and to the progressive relaxation of import restrictions, tax yields are buoyant. Sir Arthur Fadden has cut the rates of taxes, but he expects to collect practically as much revenue as he did last year. He has not reduced expenditure at all. On the contrary he has slightly increased it, and this leads to some uncertainty about what will happen in 1954-55 after the elections. The Treasurer has reduced taxation to the full possible extent, having regard to the resources he has available in 1953-54. But the effect on revenue of some of the reductions will not be fully evident until next year. In a full year the concessions will cost not £82 million, but £118 million. Therefore, in 1954-55, the Government will have to find more revenue, or else it will have to cut expenditure. Many of the Treasurer's critics consider that he should have faced this difficulty immediately. More particularly, they think that he should have reduced public works expenditure of more than £100 million a year financed from revenue. Some of these works are of questionable economic value. There is no doubt, however, that his programme has been skilfully contrived, and will bring the maximum of electoral advantage. It has left little opening for attack by Labour, which is the more handicapped by having no real alternative to offer at all. The Opposition has not followed any consistent line of criticism. It has demanded higher expenditure, lower taxation, and less reliance on central bank credit, without attempting to reconcile these contradictions.

On the whole, the Budget has been very well received. It is felt to be the long-delayed fulfilment of the promise of a party which stands for tax reduction.

Uranium Discoveries in Australia

RESEARCH into the use of atomic energy for peaceful purposes and the exploitation of substantial uranium-bearing deposits in Australia hold out hopes that a national handicap will some day be compensated. Compared with that of the United States or Canada, Australia's located mineral wealth is modest. It is true that she owes a great spurt in her national development to the gold rushes of the last century; true also that today her industries enjoy the benefit of ample deposits of coal and iron and that she derives a large income from exports of lead, zinc and gold. But Australia has lacked two vital sources of energy, in that no oil has yet been found in commercial quantities and few of her rivers can be readily harnessed. It is easy to understand what this means to the economy of a country that is attempting large-scale development of her primary and secondary industries.

Hence the importance attached to the Rum Jungle and Radium Hill projects, which open up great possibilities within the foreseeable, even if distant, future. At present the main impetus to the world-wide search for uranium stems from the military needs of the Great Powers; and Australia,

in common with many other countries, has decided that the extraction and disposal of radio-active minerals must for reasons of defence be subject to government control. The Atomic Energy Act, 1953, gives effect to this policy by establishing the Atomic Energy Commission with wide powers to undertake and supervise projects, vesting in the Commonwealth ownership of all radio-active minerals wherever located and prescribing security regulation to safeguard national defence. The Commission consists of a senior public servant as permanent chairman and two part-time members, who are respectively a professor of chemical engineering and the general manager of a mining company. The policy of the Commission is to rely as far as possible on existing commercial enterprises and government departments, both Federal and State, to carry out the exploration, mining, treatment and application to specific uses of radio-active minerals. It is also official policy to encourage exploration by liberal rewards for new discoveries, and it is worth recording that the lone prospector who in 1951 discovered the Rum Jungle field in the Northern Territory, 60 miles south of Darwin, received £25,000 from the Commonwealth Government.

Mining for uranium has been following the trend of mining for other rare metals; once the rich and easily accessible deposits have been exploited, it becomes a matter of painstaking search to locate new deposits and of extracting large tonnages of ore in order to recover any substantial quantity of metal. Since uranium is often found in association with other metals, some established enterprises, notably in Canada and South Africa, have a temporary substantial advantage in production costs. They have been spared the tasks of prospecting and mining and are faced merely with the metallurgical problem of recovery from tailings. This has not been the case in Australia; mine tailings at Kalgoorlie and Broken Hill have not yielded any uranium and Rum Jungle and Radium Hill are really new ventures which exist primarily, if not solely, for the purpose of mining uranium.

Sweeping claims have been quoted in the press about the richness of the deposits at these two places, but the secrecy which necessarily surrounds them precludes responsible speculation. However, their importance is indicated by the fact that substantial finance and equipment for both Radium Hill and Rum Jungle are being provided by the Combined Development Agency of the United States and United Kingdom Governments, which is located in Washington. Under an agreement with the Commonwealth, the Combined Development Agency purchases some of the uranium mined.* The actual mining operations at Rum Jungle are being carried out by the Consolidated Zinc Corporation Limited and those at Radium Hill, which is in South Australia about 80 miles west of Broken Hill, by the South Australian Department of Mines. The South Australian Government hopes to use the production of Radium Hill for generating nuclear power for commercial purposes. The existence of the Radium Hill deposits had actually been known for many years before science found a use for them and local industry provided the need.

* In addition, Lord Cherwell is visiting Australia on behalf of the British Government to discuss the question of further supplies of uranium.

The demand for uranium and the difficulty of producing it ensure a high price. That offered by the Atomic Energy Commission (which is the sole buying authority in the Commonwealth and its territories) is roughly the same as that in the United States and Canada and is based on 36s. per pound of uranium oxide contained in ore or concentrates. For comparison this price is several times higher than that of tungsten but rather less than that of silver. Side by side with the encouragements of private prospecting by the offer of large rewards, the Atomic Energy Commission has entrusted to the Federal Bureau of Mineral Resources and to the Department of Mines in the States the task of detailed survey work.* Time and research will show whether Australia can rely on nuclear power to make good her present shortages, but the signs are hopeful.

Australia,
November 1953

* The results of one such survey in the Northern Territory reveal important new uranium-bearing areas outside the existing field of operations at Rum Jungle.

SOUTH AFRICA

A SESSION OF SURPRISES

THE first session of the eleventh Parliament of the Union of South Africa ended suddenly, on October 2, in somewhat dramatic circumstances.

In more than one respect it was unusual—perhaps one of the most surprising sessions attended by even those members with many years of parliamentary experience in the House of Assembly. It lasted, for instance, for three months, a period appreciably longer than is customary in South Africa when a new Parliament assembles after a general election for the dispatch of urgent business. Hitherto the main preoccupation of these post-election sessions has been a budget debate and critical discussion of the annual financial measures presented to Parliament by the Minister of Finance.

What, however, invested this session with special historic significance, and makes it unique in the Union's parliamentary record, is the fact that during its term the Government saw fit to summon two separate and independent joint sittings of both Houses of Parliament. By embarking on this course the Prime Minister, Dr. Malan, has both created a political precedent and, for the time being at any rate, prevented a constitutional crisis of even greater magnitude than that created by the device of the High Court of Parliament.

Before the general election of May 1948, after which the present Government was returned to power, the Nationalist Party for the first time announced in detail their policy of *apartheid* in respect of the Union's problem of multi-racial relations. *Apartheid* may be described as the Afrikaans equivalent of racial separateness or segregation although it has been given a somewhat harsher connotation by placing the emphasis on the things that divide rather than those which unite.

Under the generic term *apartheid* in its broader sense may be found views and policies, accepted not only by White South Africans but also by the other racial groups in this country. What is sometimes termed social separation, for instance, is habitually accepted by most Natives, Coloureds and Europeans. There is a generally recognized wish—what perhaps might be more accurately described as a common instinct—among these respective racial groups each to go its own way and, in a spirit of mutual respect and understanding, to strive for the fulfilment of their aims and aspirations along parallel lines.

The fundamental objection by the official Opposition to the Nationalist Government's conception of *apartheid* is that, for the most part, its interpretation of the term is impracticable and its application of it too intransigent. In the view of the majority of South Africans—taking the figures of the recent general election as a guide—*apartheid* is a misleading political slogan because it symbolizes matters both of agreement and disagreement in respect of racial relationships in South Africa, without clearly and concisely

defining these differences so as to enable them to be grasped by those who do not know the racial set-up in this country.

One element of Nationalist *apartheid*, however, as preached in the days before May 1948, was crystal clear; and that was political *apartheid*. In its practical form it had two objectives, the first of which was to abolish the representation of Natives in the House of Assembly—under the 1936 Hertzog legislation three Europeans are elected quinquennially by Native voters in the Cape whose names appear on a separate roll. The second objective was to remove the Coloured electors of the Cape from the common voters' roll and place them on a separate register, thus depriving them of a right enjoyed for a century, despite firm assurances given to the Coloured people by General Hertzog, at a time when many present members of the Government were serving under him, that the Coloureds would not be politically segregated.

It was on the basis of these two objectives of political *apartheid* that Dr. Malan, and the Nationalist Party, went to the country in 1948. When it came to fulfilling these election promises, however, difficulties arose.

In 1948 Mr. Havenga, a staunch disciple of General Hertzog, was the leader of an independent group, the Afrikaner Party, which entered into a coalition with the Nationalists. Nine members of his party, including himself, were elected to the House of Assembly in 1948. These nine Afrikaner Party members enabled the Nationalists to form a Government with a tenuous majority of five.

This was obviously a delicate position for Dr. Malan and his Government, and the *Volksleier*—the People's leader, as the Prime Minister was reverently entitled by many of his supporters—had to tread warily. He was in an obvious dilemma. For while the rank and file of Nationalism, full of the heady wine of newly acquired power, were all for carrying out pre-election promises on political *apartheid*, Mr. Havenga maintained a rigid adherence to the 1936 Hertzog settlement and was, in consequence, loath to interfere with the Native representatives in the House of Assembly. Eventually, however, he and Dr. Malan came to an agreement about the Cape Coloured franchise—a somewhat surprising decision on the part of Mr. Havenga, for it involved his connivance in removing the Coloured voters from the common roll, something which General Hertzog had condemned as politically immoral and a breach of faith. This agreement was all the more perplexing because it followed on a decision to leave Native representation in Parliament untouched, despite the alleged mandate claimed by Dr. Malan to abolish such representation as well as to arrange for the separate representation of Coloured voters.

Once the Malan-Havenga agreement on the Coloured vote had been announced, events moved rapidly towards their inexorable conclusion. In 1951 Parliament, sitting separately in two Houses, passed the Separate Representation of Voters Bill by a simple majority despite persistent and full-scale opposition from the United Party. Early in 1952 the Appeal Court, by the unanimous decision of the Chief Justice and four Judges of Appeal, held that the entrenched sections of the South Africa Act were not repealed by

the Statute of Westminster and remained inviolate. The Appeal Court accordingly declared the Separate Representation of Voters Bill to be null and void and invalid.

Undaunted by this major reverse, which many political observers thought would lead to an immediate resignation and an appeal to the country, the Government proceeded to establish the so-called High Court of Parliament—a short-lived tribunal of spurious jurisdiction which, in its turn, was swept aside by the established courts of the land. Thus the Government, after two years of increasing political tension and mounting public concern about what were regarded as attempts to circumvent the Constitution, were no nearer their original objective, namely, the removal of the Coloured electors from the common roll.

This, then, was the position when Dr. Malan and the Nationalist Party faced the electorate at the general election last April. In that election Dr. Malan asked for a mandate from the people to “restore” the sovereignty of Parliament and to proceed with his Coloured franchise legislation. When asked how he intended to achieve these objectives if he failed to obtain a two-thirds’ majority, Dr. Malan refused to be explicit, contenting himself with repeated assurances that the matter could safely be left in his hands. In the event, the Nationalist Government were returned to office with a lead of 29 in the House of Assembly. To obtain the necessary two-thirds’ majority in a Joint Sitting of both Houses, they required 138 votes.

After the Election

THIS majority was clearly not available when heads were counted after the election, a circumstance which induced the Prime Minister to make an immediate post-election broadcast appeal to what he termed the “right wing” of the United Party, in the hope that “twelve or thirteen” of the Opposition would help him to place the Coloureds on a separate roll. It was generally believed, and subsequently confirmed, that this appeal was based on wishful thinking. For Dr. Malan summoned a Joint Sitting of both Houses of Parliament and submitted to it the South Africa Act Amendment Bill, a Bill with four clauses which, *inter alia*, sought to validate the discredited Separate Representation of Voters Bill. A summary of the provisions of this new main Bill appeared in the last issue of THE ROUND TABLE*—and an account was given of the proceedings up to the second reading and committee stage of that measure.

The Bill received a second reading on July 16, 1953, by 117 to 79 votes; and passed through committee on July 17, the Opposition voting consistently against each clause. The Joint Session then adjourned to Monday, July 20, when the third reading was due to be taken. On that day, however, it was announced by Mr. Havenga, the Minister of Finance, that the Government proposed to adjourn further discussions until August 17—a period of four weeks.

It was at this stage that a series of events occurred which have had some widespread repercussions. During the week-end of July 18–19 three members

* See THE ROUND TABLE, No. 172, September 1953, pp. 391, 392.

of the United Party had unofficial discussions with the Prime Minister, in the course of which he was urged to approach the leader of the Opposition, Mr. Strauss, about the deadlock over the Coloured vote problem. These preliminary overtures were followed by some indirect and informal negotiations between the Prime Minister and the Opposition leader, leading finally to a formal exchange of letters which were published in the press. It then became manifest that the overtures were purely of an exploratory nature with a view to ascertaining whether, in the light of the discussions at the Joint Session, there was common ground between the parties. Mr. Strauss, with the full support of his caucus, wished to put the negotiations on a formal basis. Dr. Malan, on the other hand, insisted that the proposed inter-party talks should be in the nature of what one might call a "free-for-all", a kind of mass negotiation in which every member could participate. This proposition was so obviously impractical that it was rejected by Mr. Strauss and the negotiations lapsed.

The Joint Sitting was due to resume its deliberations on August 17 in order to discuss the critical third reading of the South Africa Act Amendment Bill. But once again Dr. Malan postponed the matter, and it was only on September 16—two months after the committee stage and when the session was virtually at an end—that the Prime Minister put to the test the possibility of his obtaining the required two-thirds' majority. This was certainly an unusual, perhaps almost an unprecedented time for the Bill to take to progress from the committee stage to the third reading; and it was condemned by Mr. Strauss as an attempt to split the United Party in the hope that a so-called right wing would cross the floor and help to give the Government their necessary majority. In his speech on the third reading Mr. Strauss once again dissociated himself and the United Party from the Bill before the Joint Sitting. He also uttered a serious warning to the Prime Minister against taking steps, if the Bill failed to secure the constitutional majority, which would plunge the country into further grave crisis.

It is the Government [said Mr. Strauss] that has precipitated and provoked this period of strife and crisis over the last two-and-a-half years. If that period of strife and crisis is to be continued and the harm done to South Africa both at home and abroad is to be increased, it is done at the choice of the Government. . . . I want to appeal to the Government and say that even at this late stage, at this eleventh hour, it is not too late for the Government to exhibit qualities of statesmanship. . . . I end on this note of expressing the hope that the Government will resist the temptation of following the party political line, and will rather follow the line of the true interests of South Africa and give the country what it needs more sorely than anything else, namely, true leadership and statesmanship.

Before Dr. Malan replied, the debate took a dramatic turn. Mr. N. Eaton, a Labour member representing a Natal seat, made an entirely unexpected "final appeal" to all parties and all party leaders.

Can we not [he asked] adjourn this debate, without taking a vote on whether or not the Bill should be thrown out? Without taking that step, can we not ask the Prime Minister to discharge this Bill and to re-introduce the Separate Repre-

sentation of Voters Bill of 1951, and give us the assurance that he will agree to a Select Committee of both Houses being set up before the Second Reading of that measure?

This appeal evoked an immediate reaction from Mr. Sauer, Minister of Transport, who described it as an important and interesting suggestion. He then proceeded to pose a number of questions to the official Opposition, from which it could be inferred that the Government might be willing to give consideration to the proposal. These questions were answered, on behalf of the United Party, by Sir de Villiers Graaff and, shortly afterwards, an Opposition front-bencher moved the adjournment of the debate in order, as he expressed it, to test the *bona fides* of the Government by enabling the Prime Minister to make an approach to the leader of the Opposition.

The motion to adjourn was defeated; and when the Prime Minister came to reply to the debate, he was as intransigent and uncompromising as ever.

Are you really asking us in all sincerity to ignore the verdict and the mandate of the people? I cannot agree to that. What next? All I can say is that we shall go on. If this course cannot be followed—and you tell me that we shall not succeed this afternoon—then I say that the only other way is that course which we have already foreshadowed and for which we have received a mandate, and I hope that we shall be successful there.

When the division took place, the lists showed that 121 votes were recorded in favour of the third reading of the Bill and 78 against. Mr. Speaker desired his vote to be recorded with the "ayes", so, in the event, the Government were 16 short of the 138 votes required for the two-thirds' majority.

Dr. Malan lost no time in implementing his threat to take what he had euphemistically called "other steps". Within a few days of the adjournment of the Joint Sitting Mr. Swart, Minister of Justice, asked leave to introduce an Appeal Court Bill, the contents of which had not then been disclosed. It was generally suspected, however, that this measure proposed to establish a "constitutional division" of the Court of Appeal in order to circumvent the established Judges of Appeal, who, by their decision in *Harris v. Dönges*, had vindicated the entrenched sections of the South Africa Act. The motion for leave to introduce this new Bill was vigorously contested by the United Party, but none the less it obtained a first reading. When, at last, its provisions were made public, they justified the worst fears of those who take a justifiable pride in the high traditions of a hitherto independent South African judiciary.

Even some organs of the Nationalist press were concerned about the consequences of such legislation, but appeared to console themselves by explaining that the Government had no alternative owing to the refusal of the United Party to help them to succeed along the constitutional path of a Joint Sitting.

When all was set in train for the second reading of the Appeal Court Bill, and members contemplated having to sit well into October, there came the final dramatic turn which brought the session to an abrupt end and gave the country a much-needed breathing-space. Four members of the United Party, who had either been expelled or resigned from the United Party caucus in respect of certain internal party issues, put out a public appeal to Dr. Malan

to drop the Appeal Court Bill, to introduce the Separate Representation of Voters Bill at another Joint Sitting, and to refer such Bill to a Joint Select Committee of both Houses before second reading. This proposal was none other than a revival of Mr. Eaton's appeal during the third-reading debate—an appeal to which Dr. Malan did not respond despite the United Party proposal to adjourn the debate to enable him to approach Mr. Strauss.

This time, however, Dr. Malan reacted immediately. The matter was deliberated by the Cabinet for some five hours, and by the Nationalist caucus until well into the night. The Cabinet and caucus discussions have not been disclosed, but it is obvious that Dr. Malan and Mr. Havenga encountered considerable opposition. But eventually the Government summoned the second Joint Sitting of the Session and followed the course proposed by Mr. Eaton and the four United Party dissidents. A Bill, validating the Separate Representation of Voters Act of 1951, was introduced and subsequently referred to a Joint Select Committee. The Committee has since been converted into a Commission, which met in Pretoria for the first time on October 26. Most South Africans welcome the political respite now afforded; and United Party supporters feel confident that, even though the chances of a successful compromise are slender, the appointment of the Commission will, for the first time, enable the case for and against separate representation to be fully and dispassionately examined.

Imports and the Sterling Area

TWO important announcements concerning the Union's foreign trade policy were made late in October. In the first place, the Minister of Finance, Mr. Havenga, announced that import permits for the calendar year 1954 would be available in any type of currency area, hard or soft, instead of favouring imports from within the sterling area. Two days later the Minister for Economic Development announced to the Annual Congress of the Association of Chambers of Commerce that import permits for 1954 would be issued, in the first instance, only for between 50 and 55 per cent of the values of the 1953 permits—though supplementary permits will no doubt be issued during the course of the year if foreign exchange is available and if the need for further imports is established.

There is, therefore, a contradiction between the general tenor of these two decisions. One is a step towards greater freedom of trade, the other is a step towards greater restrictions. Yet, so complicated have post-war trade and monetary policies become, that the Treasury could hardly have assumed the risk of abolishing discrimination against dollar supplies had not the department of Commerce and Industries undertaken to limit more severely, through its licensing system, the total expenditure on imports.

There is a further paradox which is more fundamental, namely, that the less difference Mr. Havenga's action makes to South Africa's overseas purchasing habits, the more importance will it have acquired. If there is, as a result, a substantial switch over to dollar imports, the Union will almost certainly slip back rapidly into dollar balance-of-payments difficulties, and renewed discrimination in favour of the sterling area will become inevitable.

After all, the immediate position of the Union's balance of payments gives no grounds for complacency. The debit balance on current account during the first two quarters of 1953 was £40 million. Though this was £14 million less than the debit balance of the corresponding period of 1952, the inflow of outside capital had dwindled to almost negligible proportions compared with recent years, and the Reserve Bank's holdings of gold and foreign exchange declined by £27 million during the first half of the year. Although this figure masks an actual increase of gold and dollar holdings, to the amount of between £5 and £6 million, with a decline of £33 million in sterling balances, it is clear that the Union could not, for long, sustain any great diversion from sterling to dollar purchases, without either extensive dollar loans, or a diversion of gold away from the common pool of the sterling area which would be incompatible with continued membership of that informal body—membership which, in view of some of the comment in the government newspapers, it might be as well to emphasize has brought South Africa many more advantages than disadvantages.

If, on the other hand, there is no great switch to dollar purchases, then, though on the face of it South Africa's new policy would not appear to have made much real difference, it would, in fact, prove to be an action of immense significance. It would show that the regimen voluntarily accepted by the sterling area governments at the Prime Ministers' London Conferences of 1952 and 1953 had borne fruit. Although nothing but generalities emerged from the official *communiqués* on these conferences, it was made known that the individual governments of the sterling area then agreed to take steps to bring their own balance-of-payments problems under control; to damp down internal inflationary pressures; to make interest rates more effective in keeping plans for development within the capacity of the economy to carry them through; to strive in all these ways towards a reduction of costs which would improve the competitive position of all the members of the sterling area, both individually and collectively, in the world as a whole, and so to move into an era of freer trade and general convertibility of currencies.

If the experience of South Africa, as one member of the sterling area in a particularly favoured position to make the experiments, shows that resolute action, in the United Kingdom in particular, has brought the sterling area to the point where discrimination against dollar goods is no longer necessary as a condition of survival, it will represent a new milestone on the road to world economic recovery. It is a bold step, and unfortunately there are too many portents which suggest it may be premature. Yet if nobody took the risk of premature removal of restrictions, we should have to be resigned to them for all time. If Mr. Havenga's experiment succeeds, South Africa should be able to look forward next to the removal of Mr. Louw's quantitative restrictions, and confidence in the sterling area will be greatly enhanced. If it fails, it may lead or at least point the way to a major rift in the sterling bloc.

South Africa,
November 1953.

NEW ZEALAND

MR. HOLLAND'S BUDGET

A CONTINUED high level of national production and buoyant prices for New Zealand's export commodities made it possible for the Prime Minister to present a budget with tax reductions totalling £6.5 million. Despite these reductions, which are in the main being applied to give relief to the poorer families, this year's tax yield is estimated to be approximately £6.2 million in excess of last year, owing to higher incomes, particularly in the primary industries. The major tax concessions are higher personal exemption (£230 instead of £200), increased allowance for dependent children (£65 per child as compared with £50), and a further reduction in income-tax surcharge (which was originally introduced as a war-time tax and was 15 per cent when the present Government took office), from 5 per cent to 2½ per cent. This year a married man with two dependent children who earns £600 a year will pay no income tax, provided he is paying 5 per cent of his income to a superannuation fund or in the form of life insurance. Two other worthwhile provisions are freedom of a married woman to earn up to £100 a year without causing her husband's taxation to be increased, and a concession to those paying premiums on life insurance by increasing the allowable deduction from £150 to £175. Death duties are also being adjusted, so that where two persons die within five years, and the family estate becomes liable for duty, substantial concessions in death duty will apply. This provision will be of great benefit to farming estates, where double death-duty within a short period has led to crippling mortgages upon highly developed farms.

For the year ended March 31, 1953, revenue of the Consolidated Fund totalled £177.8 million and expenditure £174.5 million. For the forthcoming year the total revenue of the Consolidated Fund is estimated at £177.5 million, made up of income tax £81.5 million, customs duties £25 million, sales tax £19.7 million, other taxes £25.8 million and other revenue £25.5 million.

The major changes in estimated Consolidated Fund expenditure are in connexion with education and housing construction, both of which show substantial increases over last year. Although the present Government has long been anxious to reduce subsidies, regarding them as an unsatisfactory method of dealing with rising prices, a total of £13.9 million is set aside for this purpose. This total compares with £14.7 million spent on subsidies last year. Principal subsidy items in the present financial year will be butter £5 million, milk £2.8 million, and wheat and flour £5 million. Mr. Holland briefly stated the case for continuance of subsidies by saying that, if these were removed, living and production costs would be increased correspondingly and in turn there would be an all-round increase in wages and social security benefits to compensate for higher prices. It was, he said, particularly important to keep a firm grip on the general cost structure of exports.

Expenditure on social security last year totalled £58.8 million and for the present year is estimated at £62.1 million. In addition to the normal social-security charge of 1s. 6d. in the pound on all income, expenditure last year was met by a transfer of £14 million from the Consolidated Fund. A transfer of a similar amount is allowed for in this year's accounts.

Economic Situation and Oversea Trade

FOR the past three years export income has been high. Owing to exceptionally high prices for wool, total income for exports for the year ended June 30, 1951, was £223.3 million, then a record. Despite somewhat lower prices for wool, export income was still higher in 1952, thanks to higher prices for meat and dairy produce, and totalled £236.7 million. For the year ended June 30, 1953, total export income at £234.6 million was only slightly below the 1952 figure. The satisfactory result was due, in the main, to a rise of 12½ per cent in meat prices for the production year 1952-53, increased prices for dairy produce, and a satisfactory increase in the volume of exports. As a result, New Zealand's present balance of payments is strong, there being a net surplus of receipts over payments for the year, totalling £34.7 million, as compared with an excess of payments of £51.3 million the previous year, extremely heavy importing having followed the lifting of import restrictions on many classes of goods.

New Zealand was more than able to fulfil its undertaking to attempt to attain a surplus of £25 million with the non-sterling world, our balance for the year being £36.4 million, including a surplus of £5.5 million with the dollar area.

New Zealand's volume of production has continued to increase during the current period of good prices. Since 1945 the volume of annual dairy production has increased by approximately 25 per cent, while meat and wool production have each increased about 12 per cent.

Terms of trade, which moved against New Zealand in 1952, have moved in our favour with increased prices for primary produce. The Prime Minister's economic survey for 1953, stated that during 1951, when wool prices were very high, we could obtain, for a given volume of exports, one-quarter more imports than we could, on average, during the years 1936-38. After wool prices fell, import prices continued to rise, until during the second quarter of 1952 a given volume of exports would purchase only four-fifths the imports it would have purchased before the war. The terms of trade had now improved to a level equal to pre-war.

This is extremely important to us because of our high level of overseas trade per head of population. It is therefore fortunate that, as the world's largest exporter of both butter and cheese, and the largest exporter of meat to Britain, we are likely to benefit by the world-wide demand for foodstuffs. Provided we can continue to produce butter, cheese and milk powder at costs in line with those ruling today, we can compete with any country, though our butter industry is threatened to some extent by competition from the highest quality of margarine. Expert opinion differs as to the seriousness of the threat.

It is unfortunate for New Zealand that, during the present year, the United States Government, using the wide open "escape" clauses of the G.A.T.T. agreement, has further restricted the entry of our dairy produce. Last year we sold $3\frac{1}{2}$ million dollars' worth of dairy products to the United States, but because of the drastic restrictions now ruling the value of our dairy exports to the U.S.A. for 1953 will probably not exceed one million dollars. The viewpoint of the dairy industry here is that it ill-becomes the United States, with its slogan of "trade, not aid", to evade the spirit of the G.A.T.T. agreement by using the "escape" clauses to prevent entry of our dairy produce into the United States.

It must, however, be recognized that the United States is faced with special problems in relation to her dairy industry. The New Zealand dairy industry is concerned lest, in dealing with these, she may seriously affect our own position in world markets. The United States Government guarantees her dairy farmers a "support" price for butter, cheese and milk powder. The accumulation of surpluses in the U.S.A. indicates that the "support" prices are fixed at artificial levels. Though disliking United States restrictions on our exports, New Zealand is primarily concerned about the much wider question of the effect which the disposal of these surpluses will have upon our exports to other countries.

The New Zealand Government has protested vigorously against both the increased restrictions and the methods to be used in disposing of the surpluses. Assurances have been received that care will be taken to prevent the surpluses from affecting exporting countries; but, whatever the method adopted to get rid of them, some adverse effect on such countries seems likely.

Some part of the dairy produce that would have gone to the United States will now be going to Russia. For the first time in history Russia has purchased 5,000 tons of New Zealand butter.

From both the short- and long-term viewpoints, markets for meat appear sound. Prices have again moved upward this year.

Despite high export income and good demand, no feeling of complacency regarding the future exists in exporting industries. It is recognized that great changes are likely to occur when rationing and controls are removed in the United Kingdom, and that there are factors of danger in existing price levels. Dried milk prices have been reduced $7\frac{1}{2}$ per cent this year, and the British public, long rationed for meat, has at last shown buyer's resistance to the lower qualities, of which, fortunately, New Zealand exports little. If our present favourable costs as compared with other countries can be maintained, the economic outlook for the next few years is bright.

The Dominion's Future Development

THE problem of New Zealand's development during the next twenty-five years is being closely studied at present by economists and research workers. Well-informed estimates place our population at 3,000,000 by 1975, or 50 per cent more than it was in September 1952. The question being studied is whether it is possible to increase our primary production and our exports sufficiently to maintain existing living standards then.

Estimates by the Department of Agriculture show that to achieve this butterfat production would have to be increased 59.5 per cent, meat 60.8 per cent and wool production 70.4 per cent over the 1950 level. This would necessitate increasing the national dairy herd (at present 1.87 million) by approximately 1 million, sheep (at present 33.7 million) by 20.4 million, and beef cows (at present 0.77 million) by 0.46 million. These estimates allow for imports on the same scale per head of population, and for a proportionate increase in local consumption of meat and dairy produce.

Whether this can be accomplished will largely depend on whether the most modern grassland management practices, at present used on approximately one-third of our farms, can become universal, and on whether a continuing programme of land settlement is vigorously maintained. In the thirty-two years preceding 1952 the number of sheep increased 50 per cent, beef-breeding cows by about 60 per cent and cows in milk by 145 per cent. This period, however, saw the most rapid development in New Zealand's history, with the advent of scientific farming, and a continuing increase of 2 per cent for the next twenty-five years would be an achievement of no mean order.

Overseas it is popularly supposed that there is almost unlimited virgin land awaiting development here, but this is not so. Of New Zealand's total land area of 66 million acres, approximately 23 million are mountainous and unsuitable for farming. Another 20 million acres consist of poor tussock country lying at high altitudes, and the greater part of our farm production comes from 20 million acres of improved land. The original fertility of most of this soil was relatively low and the high production results from a good climate, skilful farming, and wide use of fertilizers, including aerial topdressing.

Unimproved land is being brought into production at the rate of about 80,000 acres a year, and in the central plateau area of the North Island there are about 1.75 million acres of this class of country.

The great degree of dependence on exports, illustrated by the foregoing, supplies the reason why New Zealand producers have long been very conscious of the need for highly efficient marketing of their produce. As far back as 1924, Export Boards, with marketing powers, were operating for both meat and dairy produce, although, in the main, their activities have been confined to supervision of agents, selling on producers' behalf in England. Last season we exported to Britain 140,000 tons of butter, 93,000 tons of cheese and 38,500 tons of milk powder. Exports to other markets comprised 22,500 tons of butter, 7,000 tons of cheese and 9,000 tons of milk powder.

Both the dairy and meat industries have been giving thought to the question of more efficient marketing when rationing and controls end in Britain. The Dairy Products Marketing Commission, which now handles all butter, cheese and milk powder for our dairy industry, has just received the industry's authority to participate in first-hand distribution in England at the wholesale level by the purchase of one of the largest dairy produce distributing firms in Britain, which handles one-third of our dairy production. Through becoming operational the Dairy Commission will know the actual costs of efficient distribution and have a "feel" of the market.

Some time ago the Meat Producers' Board put forward somewhat similar proposals in regard to meat, but these have not, so far, been adopted by meat producers. On the basis of continuing increases in exports, it appears likely that producers will seek greater control over their marketing in the future.

A third type of primary production is just beginning* and may do much to help our economy in the next twenty-five years. The first shipment of 500 tons of sulphate pulp for the manufacture of newsprint ever to leave New Zealand was shipped to Australia this month. The company concerned has made a contract to ship 12,500 tons of this pulp annually for the next twenty years, and this quantity is but a fraction of potential total exports of forest produce. Several large-scale enterprises are getting under way in this field, and it is estimated that by 1975 New Zealand will be exporting 100,000 tons of newsprint, as well as large quantities of timber and other forest products.

New Zealand and the Korean Conflict

THE news of the armistice in Korea was welcome to New Zealand, which has contributed its fair share alongside the other forces of the United Nations. When the Communists invaded South Korea, the Government of New Zealand immediately announced its intention of raising a force, and in ten days 5,982 New Zealanders had volunteered for service. The total direct cost of maintaining these forces has been over £14 million, according to the budget statement of the Prime Minister. Mr. Holland clearly enunciated the country's viewpoint when he added: "High as the cost has been, it is, in the financial sense, cheap by comparison with the cost of another world war, which Korea has probably prevented."

On a population basis, New Zealand's contribution is among the highest. Except for a small proportion of men from the Regular Forces, the men of Kayforce, as it is called, are volunteers, outside the age group called up for National Service and training within New Zealand. Nearly 3,000 New Zealanders have now served in Korea. New Zealanders won 60 awards and up to the time of the truce their casualties were, fortunately, only 111.

The Royal New Zealand Navy maintained two frigates continuously in Korean waters and all six of our frigates have completed a tour of duty in the zone, steaming more than 300,000 miles. The patrol activity which comprised the major part of their work has never been monotonous. The frigates have taken part in major invasions and made their own commando landings. They have clashed with pirates and repulsed an attempted invasion by a sampan fleet on friendly islands. Shortly before the cease-fire they were engaged in inshore bombardment of hostile strongpoints and troop concentrations. Members of the Navy received 24 awards and only 2 ratings have been lost.

A National Housing Conference

DURING the war years housing construction in New Zealand, as elsewhere, had to give way to the needs of the Armed Forces. Recently the Government called a conference of all connected in any way with the building industry to try to solve the problem of building cheaper houses and more of

* See THE ROUND TABLE, No. 170, March 1953, pp. 194-5.

them. It was found that New Zealand would need to build an average of 20,600 houses a year for the next ten years if the people are to be adequately housed. Of the above figure, the increase in population alone will require the building of 12,500 new houses this year, increasing to 14,700 in ten years' time.

The conference agreed that housing costs (at £3 to £3. 15s. per square foot for a wooden dwelling) were too high and decided on various ways by which costs could be reduced. Simpler designing, with a high degree of standardization of parts, while still allowing for diversity in appearance, was one suggestion. The Government has given official approval to "building your own", and Government-sponsored building instruction classes will be provided to assist those wishing to do so.

Several new ideas are being injected into the financial side of housing as a result of the conference. The great difficulty the prospective home builder faces today is to bridge the gap between the amount lending institutions can safely advance and the money saved. The Government has agreed that it will find the difference between what would normally be lent on first mortgage by ordinary lending institutions and 90 per cent of the total cost of smaller houses, the maximum loan under this provision being limited to £2,000. In addition the Government grants a further £200 as a "suspensory" loan and this amount will be wiped off after ten years' occupancy of the house. Loans may be spread over a period of 35-40 years (as against the normal 20-25 year period), if desired, with repayments reduced during the early years of married life while the family is young. To encourage employers to build houses for their employees, the Government will allow 30 per cent to be written off by way of depreciation the first year.

The Queen's Visit

HISTORY will be made in New Zealand on January 12, 1954, when, for the first time, a reigning monarch will formally open a special session of the Dominion's Parliament. All the pageantry the country can command will lend colour to what will be a great and dignified occasion. The Queen will read the Speech from the Throne, and the following day the Address in Reply, moved by the Prime Minister, the Rt. Hon. S. G. Holland, and seconded by the Leader of the Opposition, the Rt. Hon. Walter Nash, will be presented to Her Majesty at Government House. This will be the outstanding formal event of the Royal visit.

The itinerary which has been drawn up for the visit of Her Majesty Queen Elizabeth and the Duke of Edinburgh while in New Zealand will allow them to see a very complete cross-section of the Dominion's activity. The tour embraces the greater part of both islands and the Royal visitors will have the opportunity for seeing much of our country-side. While there will be many formal functions, relief has been provided, and for a brief period in each island the Royal couple will have a few days holiday in a private country home.

Preparations for a fitting welcome are well advanced and the traditional loyalty of this most distant Dominion will certainly be evidenced in a most sincere and convincing manner.

New Zealand,
October 1953.

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